

**BURLINGTON COUNTY SPECIAL SERVICES
SCHOOL DISTRICT**

Westampton, New Jersey
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

WESTAMPTON, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared by

**Burlington County Special Services School District
Finance Department**

This page intentionally left blank

OUTLINE OF CAFR

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	7
Consultants and Advisors	9
 FINANCIAL SECTION	
Independent Auditors' Report	13
 REQUIRED SUPPLEMENTARY INFORMATION - PART I	
Management's Discussion & Analysis	19
 BASIC FINANCIAL STATEMENTS	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	31
A-2 Statement of Activities	32
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	37
B-2 Statement of Revenues, Expenditures & Changes in Fund Balance	38
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balance of Governmental Funds to the Statement of Activities	39
Proprietary Funds:	
B-4 Statement of Net Position	43
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Position	44
B-6 Statement of Cash Flows	45
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	49
B-8 Statement of Changes in Fiduciary Net Position	50
Notes to Financial Statements	53
 REQUIRED SUPPLEMENTARY INFORMATION - PART II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	93
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b Community Development Block Grants - Budget & Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	N/A
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	101

OUTLINE OF CAFR (Continued)

REQUIRED SUPPLEMENTARY INFORMATION - PART III

	PAGE
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability Public Employees' Retirement System	107
L-2 Schedule of District Contributions - Public Employees' Retirement System	108
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability Teachers' Pension and Annuity Fund	109
L-4 Schedule of the District's Contributions Teachers' Pension and Annuity Fund	110
M-1 Schedule of Changes in the Net OPEB Liability and Related Ratios - State Health Benefit Local Education Retired Employees Plan (OPEB)	113
Notes to the Required Supplementary Information	117
D. School Based Budget Schedules Fund:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget & Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures - Special Revenue Fund - Budgetary Basis	N/A
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	127
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	128
F-2a Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - Westampton Campus Reroofing Project - Phase III	129
G. Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Schedule of Net Position	N/A
G-2 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	N/A
G-3 Combining Schedule of Cash Flows	N/A
Internal Service Funds:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	139
H-2 Combining Statement of Changes in Fiduciary Net Position	140
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	141
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	141

OUTLINE OF CAFR (Continued)

REQUIRED SUPPLEMENTARY INFORMATION - PART III (Continued)

PAGE

I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

STATISTICAL SECTION (unaudited)

Financial Trends:

J-1 Net Position by Component	147
J-2 Changes in Net Position	148
J-3 Fund Balances - Governmental Funds	150
J-4 Changes in Fund Balance - Governmental Funds	151
J-5 Other Local Revenue by Source - General Fund	152

Revenue Capacity:

J-6 Assessed Value & Estimated Actual Value of Taxable Property	N/A
J-7 Direct & Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers	N/A
J-9 Property Tax Levies & Collections	N/A

Debt Capacity:

J-10 Ratios of Outstanding Debt by Type	N/A
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Direct & Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A

Demographic & Economic Information:

J-14 Demographic & Economic Statistics	154
J-15 Principal Employers	154

Operating Information:

J-16 Full-Time Equivalent District Employees by Function/Program	155
J-17 Operating Statistics	156
J-18 School Building Information	157
J-19 Schedule of Required Maintenance	158
J-20 Insurance Schedule	159

SINGLE AUDIT SECTION

K-1 Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	163
K-2 Independent Auditors' Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08	165
K-3 Schedule of Expenditures of Federal Awards, Schedule A	169
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	170
K-5 Notes to Schedules of Awards and Financial Assistance	171
K-6 Schedule of Findings & Questioned Costs - Summary of Auditor's Results	173
K-7 Schedule of Findings & Questioned Costs - Findings	175
K-8 Summary Schedule of Prior Audit Findings	176

This page intentionally left blank

INTRODUCTORY SECTION

This page intentionally left blank



BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

BURLINGTON COUNTY INSTITUTE OF TECHNOLOGY

20 Pioneer Blvd · Westampton NJ 08060 · P: 609-261-5600 · F: 609-261-5967

Dr. Christopher Nagy
Superintendent of Schools
cnagy@burlcoschools.org

Theresa L. Margiotta
Business Administrator/Board Secretary
tmargiotta@burlcoschools.org

February 20, 2019

Honorable President and Members
of the Board of Education
Burlington County Special Services School District
County of Burlington
Westampton, New Jersey 08060

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Burlington County Special Services School District for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Burlington County Special Services School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*".

Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The Burlington County Special Services School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of special educational services appropriate to grade levels K through 12. The School District’s enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-2018	607	-1.46%
2016-2017	616	-11.37%
2015-2016	695	0.72%
2014-2015	690	-2.82%
2013-2014	710	-8.39%
2012-2013	775	-2.27%
2011-2012	793	-3.65%
2010-2011	823	-5.84%
2009-2010	874	-8.58%
2008-2009	956	-6.83%

ECONOMIC CONDITION AND OUTLOOK

The U.S. economic growth rate and expansion are strong and steady. This, coupled with stable housing and labor markets, provide for a positive economic outlook. The strong economy will provide the requisite foundation for the District to continue in its endeavors of providing its students with care, support and education of the highest quality.

MAJOR INITIATIVES

BCSSSD’s primary objective is to educate students with special needs from across Burlington County for ages three to twenty-one. Our first major initiative is to improve data collection procedures, lesson planning and development of assessments within the use of various programs such as ONEder, Genesis and IEP Direct. In addition, BCSSSD created a pilot with MILO the Robot for students with autism as a learning tool to collect data and measure growth of students who have participated in the pilot. Next BCSSSD will provide training opportunities for staff throughout the year in Verbal De-escalation techniques. BCSSSD has also partnered with RCBC to offer a program allowing transition students to take college level courses at the RCBC campus. The American Sign Language program completed its second year at BCSSSD allowing students to meet their world language requirement. The district has continued to enhance its security protocols and infrastructure to ensure that students and staff have a safe learning environment. BCAS continues to enhance its character education program as it was recognized as a 2017 National School of Character.

INTERNAL ACCOUNTING CONTROLS

Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

As a recipient of federal and state financial assistance, the district also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluations by the district management.

As part of the School District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws and regulations.

BUDGETARY CONTROLS

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The School District's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

FINANCIAL POLICIES

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

OTHER INFORMATION

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

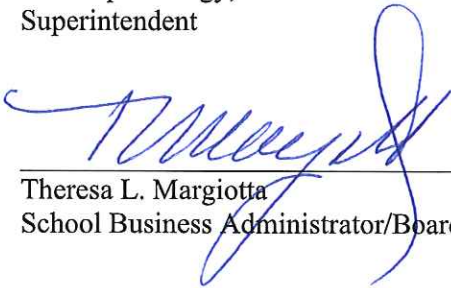
ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,



Christopher Nagy, Ed. D.
Superintendent

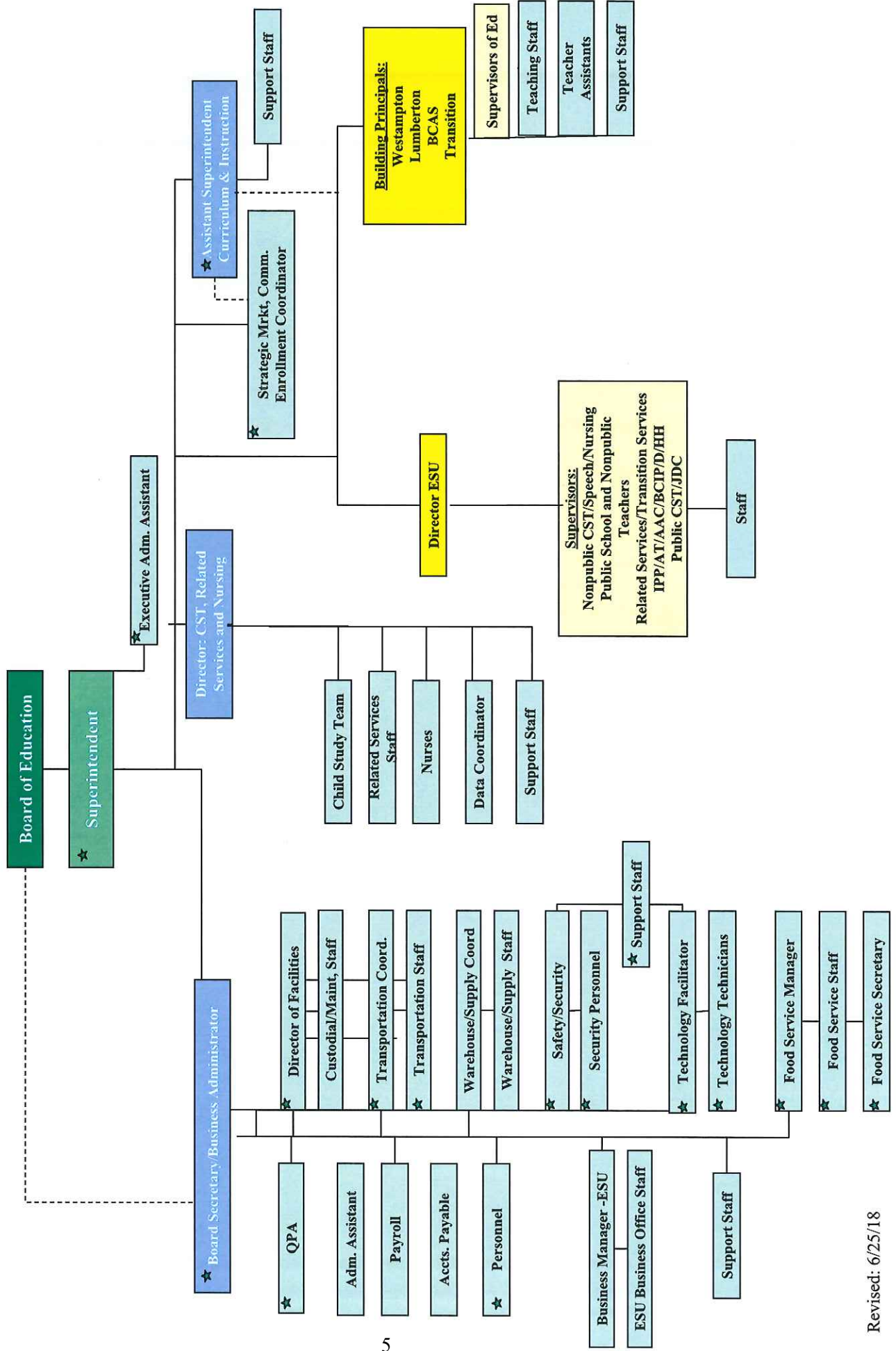


Theresa L. Margiotta
School Business Administrator/Board Secretary

POLICY

Burlington County Special Services School District
Administration 1100
DISTRICT ORGANIZATIONAL CHART

★ Shared



This page intentionally left blank

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2018

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Robert C. Silcox, President	2018
Paula D. Lee, Vice President	2018
Tyler Seville	2019
Kathleen Burgess	2019
John J. Ferry	2020
Leon E. Jones, Jr.	2020

OTHER OFFICIALS

Dr. Christopher Nagy, Superintendent

Theresa L. Margiotta, Business Administrator/Board Secretary

Constance L. Stewart, Treasurer

This page intentionally left blank

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

ARCHITECT

The Design Collaborative
414 Garden State Parkway, Suite 100
Cape May Court House, New Jersey 08210

AUDIT FIRM

Kevin P. Frenia, CPA, PSA
Holman Frenia Allison, P. C.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Capelhart & Scatchard, P.A.
8000 Midlantic Drive, Suite 300
Mt. Laurel, New Jersey 08054

OFFICIAL DEPOSITORY

TD Bank
Mount Holly, NJ 08060

This page intentionally left blank

FINANCIAL SECTION

This page intentionally left blank



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Burlington County Special Services School District
County of Burlington
Westampton, New Jersey 08060

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Burlington County Special Services School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the, Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Burlington County Special Services School District, County of Burlington, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions – an amendment of GASB Statement No.'s 45, 57 & 74. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions & other post-employment benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burlington County Special Services School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2019 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
February 20, 2019

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION - PART I

This page intentionally left blank

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

As management of the Burlington County Special Services School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund, School Store Fund, Educational Services Unit Fund, VQ/CA Fund and Alternate Education Program Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains two individual governmental funds. The major funds are the General Fund, and the Capital Projects Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District’s enterprise funds are listed individually and are considered to be major funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District’s programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2018 compared to fiscal year 2017.

Table 1
Summary of Net Position

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 9,496,972	\$ 8,396,422	\$ 1,100,550	13.1%
Capital Assets, Net	8,444,371	8,699,272	(254,901)	-2.9%
Total Assets	<u>17,941,343</u>	<u>17,095,694</u>	<u>845,649</u>	4.9%
Deferred Outflow of Resources	<u>9,950,762</u>	<u>13,315,215</u>	<u>(3,364,453)</u>	-25.3%

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Financial Analysis of the School District as a Whole (continued)

Table 1
Summary of Net Position (continued)

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current and other Liabilities	4,155,178	4,496,551	(341,373)	-7.6%
Noncurrent Liabilities	31,806,862	39,909,898	(8,103,036)	-20.3%
Total Liabilities	<u>35,962,040</u>	<u>44,406,449</u>	<u>(8,444,409)</u>	-19.0%
Deferred Inflow of Resources	<u>9,170,632</u>	<u>4,073,635</u>	<u>5,096,997</u>	125.1%
Net Position:				
Net Investment in Capital Assets	8,444,371	8,699,272	(254,901)	-2.9%
Restricted	1,510,108	1,510,108	-	0.0%
Unrestricted (Deficit)	<u>(27,195,046)</u>	<u>(28,278,555)</u>	<u>1,083,509</u>	-3.8%
Total Net Position	<u>\$ (17,240,567)</u>	<u>\$ (18,069,175)</u>	<u>\$ 828,608</u>	-4.6%

Table 2 shows the changes in net position for fiscal year 2018 compared to fiscal year 2017.

Table 2
Summary of Changes in Net Position

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 17,386,358	\$ 17,148,588	\$ 237,770	1.39%
Operating Grants & Contributions	16,832,317	4,931,501	11,900,816	241.32%
General Revenues:				
County Appropriations	4,800,000	5,494,388	(694,388)	-12.64%
Federal & State Aid	226,496	288,044	(61,548)	-21.37%
Other General Revenues	36,807,713	35,708,598	1,099,115	3.08%
Special Items:				
Cancellation of Accounts Payable	71,944	-	71,944	N/A
Board Contribution to County	(563,560)	-	(563,560)	N/A
Cancellation of Accounts Receivable	-	31,853	(31,853)	-100.00%
Gain/(Loss) on Disposal of Capital Assets	-	(56,419)	56,419	-100.00%
Total Revenues	<u>75,561,268</u>	<u>63,546,553</u>	<u>12,014,715</u>	18.91%

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Financial Analysis of the School District as a Whole (continued)

Table 2
Summary of Changes in Net Position (continued)

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Function/Program Expenditures:				
Special Education Instruction	14,897,265	14,872,414	24,851	0.17%
Other Instruction	223,372	327,741	(104,369)	-31.84%
Student & Instruction Related Services	4,923,072	4,835,812	87,260	1.80%
General Administrative	3,435,815	3,243,060	192,755	5.94%
School Administrative Services	581,674	659,370	(77,696)	-11.78%
Plant Operations & Maintenance	3,428,118	3,500,366	(72,248)	-2.06%
Pupil Transportation	238,717	244,846	(6,129)	-2.50%
Unallocated Benefits	27,700,920	15,790,640	11,910,280	75.43%
Unallocated Depreciation	875,283	503,314	371,969	73.90%
Food Service	1,143,586	1,218,879	(75,293)	-6.18%
School Store	10,590	6,785	3,805	56.08%
Education Services Unit	14,292,026	14,195,018	97,008	0.68%
VQ/CA	747,543	741,259	6,284	0.85%
Alternative Education Program	2,234,679	2,101,991	132,688	6.31%
Total Expenditures	<u>74,732,660</u>	<u>62,241,495</u>	<u>12,491,165</u>	<u>20.07%</u>
Change In Net Position	828,608	1,305,058	(476,450)	-36.51%
Net Position - Beginning	<u>(18,069,175)</u>	<u>(19,374,233)</u>	<u>1,305,058</u>	<u>-6.74%</u>
Net Position - Ending	<u>\$ (17,240,567)</u>	<u>\$ (18,069,175)</u>	<u>\$ 828,608</u>	<u>-4.59%</u>

Governmental Activities

During the fiscal year 2018, the net position of governmental activities increased by \$318,279 or 1.72%. The primary reason for the increase was an increase in other tuition revenues in the current year.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$(18,173,512), with an unrestricted deficit balance of \$(27,860,329). The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable and GASB 68 net pension liability.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Governmental Activities (continued)

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$ (27,860,329)
Add back: PERS Pension Liability	30,848,179
Less: Deferred Outflows related to pensions	(9,950,762)
Add back: Deferred Inflows related to pensions	<u>9,170,632</u>
Unrestricted Net Position (Without GASB 68)	<u>\$ 2,207,720</u>

Business-type Activities

During the fiscal year 2018, the net position of business-type activities increased by \$510,329 or 120.75%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$932,945.

General Fund Budgeting Highlights

Final budgeted revenue was \$40,904,777, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$702,936.

Final budgeted appropriations were \$41,042,704, which was an increase of \$137,927 from the original budget. The increase is due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted expenditures, the School District's budget appropriations exceeded actual expenditures by \$45,121.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$5,983,763 at June 30, 2018, an increase of \$836,625 from the prior year.

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$5,983,763, an increase of \$836,625 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$836,625 or 16.25% to \$5,983,763 at June 30, 2018, compared to an increase of \$443,151 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- There was an increase in other tuition revenue
- There was an increase in unanticipated miscellaneous revenue

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Proprietary Funds

Food Service Fund - During the current fiscal year, the net position of the School District's food service fund increased by \$236,935 or 135.58% to \$411,695 at June 30, 2018, compared to a decrease of \$52,982 in net position in the prior fiscal year. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- A decrease in total salaries and wages out
- An increase in General Fund contribution
- An increase in daily sales for reimbursable and non-reimbursable programs

School Store Fund - During the current fiscal year, the net position of the School District's school store fund decreased by \$8,804 or 21.78% to \$31,621 at June 30, 2018, compared to a decrease of \$4,814 in net position in the prior fiscal year. The primary factor(s) affecting the change in net position is as follows:

- A decrease in sales for the current year
- An increase in cost of sales in the current year

Educational Services Unit Fund - During the current fiscal year, the net position of the School District's educational services unit fund increased by \$117,968 or 25.03% to \$589,200 at June 30, 2018, compared to an increase of \$731,075 in net position in the prior fiscal year. The primary factor(s) affecting the change in net position is as follows:

- An increase in salaries and wages in the current year
- Contribution from the General Fund decreased in the current year compared to the prior year

VQ/CA Fund - During the current fiscal year, the net position of the School District's VQ/CA fund increased by \$-0- or 0.00% to \$-0- at June 30, 2018, compared to a decrease of \$163,190 in net position in the prior fiscal year. The primary factor(s) affecting the change in net position is as follows:

- This fund should on a normal operating basis have a net position of zero at year end.

Alternative Education Program - During the current fiscal year, the net position of the School District's alternative education program fund increased by \$164,230 or 62.26% to \$(99,571) at June 30, 2018, compared to an increase of \$196,783 in net position in the prior fiscal year. The primary factor(s) affecting the change in net position is as follows:

- Increase in revenue during the year due to increased tuition rates and increased enrollment.
- Contribution from the General Fund decreased in the current year compared to the prior year

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Capital Assets

The School District’s capital assets for its governmental and business-type activities as of June 30, 2018, totaled \$8,444,371 (net of accumulated depreciation). Capital assets includes construction in progress, land improvements, buildings and improvements and equipment. The school districts “Net Investment in Capital Assets” component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net decrease in the School District’s investment in capital assets for the current fiscal year in the amount of \$254,901. This decrease is primarily due to the current year depreciation of capital assets exceeded current year asset acquisitions. Table 4 shows fiscal 2018 balances compared to 2017.

Table 4
Summary of Capital Assets

<u>Capital Asset (Net of Depreciation):</u>	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Construction in Progress	\$ -	\$ 3,240,652	\$ (3,240,652)	-100.0%
Land Improvements	785,581	878,453	(92,872)	-10.6%
Building and Improvements	4,343,110	1,068,151	3,274,959	306.6%
Equipment	3,315,680	3,512,016	(196,336)	-5.6%
	<u>\$ 8,444,371</u>	<u>\$ 8,699,272</u>	<u>\$ (254,901)</u>	<u>-2.9%</u>
Depreciation Expense	<u>\$ 875,283</u>	<u>\$ 503,314</u>		

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$-0-, which is the same as the prior year.

Additional information on the School District’s long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Factors on the School District’s Future

The District continues to improve the quality of education and efficiencies each year minimizing costs while maximizing educational benefits. The number of students received is a large factor contributing to the District’s future and this is expected to increase over the next few years.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District’s finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary’s Office, Burlington County Special Services School District, 20 Pioneer Boulevard, Westampton, NJ 08060.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

A. Government-Wide Financial Statements

This page intentionally left blank

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2018

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL JUNE 30, 2018
Cash & Cash Equivalents	\$ 3,206,767	\$ -	\$ 3,206,767
Internal Balances	866,149	(866,149)	-
Receivables, Net (Note 4)	2,670,379	2,074,496	4,744,875
Inventory	-	35,222	35,222
Restricted Cash & Cash Equivalents	1,510,108	-	1,510,108
Capital Assets, Net (Note 5)			
Depreciable	8,176,709	267,662	8,444,371
Total Assets	16,430,112	1,511,231	17,941,343
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions (Note 8)	9,950,762	-	9,950,762
Total Deferred Outflow of Resources	9,950,762	-	9,950,762
Total Assets and Deferred Outflow of Resources	26,380,874	1,511,231	27,892,105
LIABILITIES			
Cash Deficit	-	488,595	488,595
Accounts Payable	815,567	89,679	905,246
Due to Other Governments	1,307,252	-	1,307,252
Accrued Salaries	118,077	-	118,077
Unearned Revenue	1,335,996	12	1,336,008
Noncurrent Liabilities (Note 7):			
Due Beyond One Year	31,806,862	-	31,806,862
Total Liabilities	35,383,754	578,286	35,962,040
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	9,170,632	-	9,170,632
Total Deferred Inflow of Resources	9,170,632	-	9,170,632
Total Liabilities and Deferred Inflow of Resources	44,554,386	578,286	45,132,672
NET POSITION			
Investment in Capital Assets	8,176,709	267,662	8,444,371
Restricted for:			
Capital Projects	1,510,108	-	1,510,108
Unrestricted (Deficit)	(27,860,329)	665,283	(27,195,046)
Total Net Position	\$ (18,173,512)	\$ 932,945	\$ (17,240,567)

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Governmental Activities:						
Instruction:						
Special Education	\$ 14,897,265	-	-	(14,897,265)	-	(14,897,265)
Other Special Instruction	223,372	-	-	(223,372)	-	(223,372)
Support Services:						
Student & Instruction Related Services	4,923,072	-	-	(4,923,072)	-	(4,923,072)
School Administrative Services	581,674	-	-	(581,674)	-	(581,674)
General & Business Administrative Services	3,435,815	-	-	(3,435,815)	-	(3,435,815)
Plant Operations & Maintenance	3,428,118	-	-	(3,428,118)	-	(3,428,118)
Pupil Transportation	238,717	-	-	(238,717)	-	(238,717)
Unallocated Benefits	27,700,920	-	16,509,251	(11,191,669)	-	(11,191,669)
Unallocated Depreciation	875,283	-	-	(875,283)	-	(875,283)
Total Governmental Activities	56,304,236	-	16,509,251	(39,794,985)	-	(39,794,985)
Business-Type Activities:						
Food Service	1,143,586	228,126	323,066	-	(592,394)	(592,394)
School Store	10,590	1,786	-	-	(8,804)	(8,804)
Educational Services	14,292,026	14,209,994	-	-	(82,032)	(82,032)
VQ/CA	747,543	747,543	-	-	-	-
Alternative Education Program	2,234,679	2,198,909	-	-	(35,770)	(35,770)
Total Business-Type Activities	18,428,424	17,386,358	323,066	-	(719,000)	(719,000)
Total Primary Government	\$ 74,732,660	\$ 17,386,358	\$ 16,832,317	(39,794,985)	(719,000)	(40,513,985)
General Revenues:						
County Appropriation				4,800,000	-	4,800,000
Federal & State Aid Not Restricted				226,496	-	226,496
Tuition - LEAs				26,767,255	-	26,767,255
Other Tuition				9,149,882	-	9,149,882
Non Resident Fees				386,802	-	386,802
Miscellaneous Income				503,774	-	503,774
Transfers				(1,157,385)	1,157,385	-
Special Items:						
Cancellation of Prior Year's Accounts Payable				-	71,944	71,944
Board Contribution to County				(563,560)	-	(563,560)
Total General Revenues, Special Items, Extraordinary Items & Transfers				40,113,264	1,229,329	41,342,593
Change In Net Position				318,279	510,329	828,608
Net Position - Beginning				(18,491,791)	422,616	(18,069,175)
Net Position - Ending				\$ (18,173,512)	\$ 932,945	(17,240,567)

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

B. Fund Financial Statements

This page intentionally left blank

Governmental Funds

This page intentionally left blank

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2018**

ASSETS	GENERAL FUND	TOTAL
Cash & Cash Equivalents	\$ 3,206,767	\$ 3,206,767
Receivables, Net:		
Interfund Receivable	929,861	929,861
Due from Other Governments:		
State	59,839	59,839
Other	2,610,540	2,610,540
Restricted Cash & Cash Equivalents	<u>1,510,108</u>	<u>1,510,108</u>
 Total Assets	 <u>\$ 8,317,115</u>	 <u>\$ 8,317,115</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 815,567	\$ 815,567
Interfund Payable	63,712	63,712
Unearned Revenue	1,335,996	1,335,996
Accrued Salaries & Wages	<u>118,077</u>	<u>118,077</u>
 Total Liabilities	 <u>2,333,352</u>	 <u>2,333,352</u>
Fund Balances:		
Restricted for:		
Capital Reserve	1,510,108	1,510,108
Assigned to:		
Designated for Subsequent Year's Expenditures	400,000	400,000
Other Purposes	576,999	576,999
Unassigned	<u>3,496,656</u>	<u>3,496,656</u>
 Total Fund Balances	 <u>5,983,763</u>	 <u>5,983,763</u>
 Total Liabilities & Fund Balances	 <u>\$ 8,317,115</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$13,817,793 and the accumulated depreciation is \$5,641,084.	\$ 8,176,709
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	
Deferred Outflows Related to Pensions	9,950,762
Deferred Inflows Related to Pensions	(9,170,632)
Accrued pension contributions for the June 30, 2018 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,307,252)
Long term liabilities, including compensated absences and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(31,806,862)</u>
Net Position of Governmental Activities	<u>\$ (18,173,512)</u>

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	GENERAL FUND	TOTAL
Revenues:		
County Appropriation	\$ 4,800,000	\$ 4,800,000
Tuition Charges	26,767,255	26,767,255
Other Tuition	9,149,882	9,149,882
Nonresident Fees	386,802	386,802
Miscellaneous	503,774	503,774
State Sources	5,321,732	5,321,732
Federal Sources	226,496	226,496
	47,155,941	47,155,941
Expenditures:		
Instruction:		
Special Education Instruction	14,897,265	14,897,265
Other Special Instruction	223,372	223,372
Support Services & Undistributed Costs:		
Student & Instruction Related Services	4,923,072	4,923,072
School Administrative Services	581,674	581,674
Other Administrative Services	3,435,815	3,435,815
Plant Operations & Maintenance	3,420,199	3,420,199
Pupil Transportation	238,717	238,717
Unallocated Benefits	10,917,361	10,917,361
On-Behalf TPAF Pension & Social Security Contributions	5,321,732	5,321,732
Capital Outlay	639,164	639,164
	44,598,371	44,598,371
Excess/(Deficiency) of Revenues Over Expenditures	2,557,570	2,557,570
Other Financing Sources/(Uses):		
Board Contribution to Enterprise Funds	(1,157,385)	(1,157,385)
Board Contribution to County	(563,560)	(563,560)
	(1,720,945)	(1,720,945)
Net Change in Fund Balances	836,625	836,625
Fund Balance - July 1	5,147,138	5,147,138
	\$ 5,983,763	\$ 5,983,763
Fund Balance - June 30	5,983,763	5,983,763

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 836,625

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

	Capital Outlays	\$ 631,245	
	Depreciation Expense	<u>(875,283)</u>	(244,038)

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (356,547)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 82,239

Change in Net Position of Governmental Activities \$ 318,279

This page intentionally left blank

Proprietary Funds

This page intentionally left blank

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND

ASSETS	FOOD SERVICE FUND	SCHOOL STORE	EDUCATIONAL SERVICES UNIT	ALTERNATIVE EDUCATION PROGRAM	TOTALS
Current Assets:					
Cash & Cash Equivalents	\$ 241,655	\$ 25,091	\$ 104,479	\$ -	\$ 371,225
Receivable:					
State	381	-	-	-	381
Federal	28,935	-	-	-	28,935
Other	6,222	-	1,414,582	624,376	2,045,180
Interfund Receivable	63,712	-	-	-	63,712
Inventories	28,692	6,530	-	-	35,222
Total Current Assets	369,597	31,621	1,519,061	624,376	2,544,655
Noncurrent Assets:					
Capital Assets	326,923	1,527	382,416	193,480	904,346
Less: Accumulated Depreciation	(195,134)	(1,527)	(382,416)	(57,607)	(636,684)
Total Capital Assets, Net	131,789	-	-	135,873	267,662
Total Noncurrent Assets	131,789	-	-	135,873	267,662
Total Assets	501,386	31,621	1,519,061	760,249	2,812,317
LIABILITIES					
Current Liabilities:					
Cash Deficit	-	-	-	859,820	859,820
Accounts Payable	89,679	-	-	-	89,679
Interfund Payables	-	-	929,861	-	929,861
Unearned Revenue	12	-	-	-	12
Total Current Liabilities	89,691	-	929,861	859,820	1,879,372
NET POSITION					
Net Investment in Capital Assets	131,789	-	-	135,873	267,662
Unrestricted (Deficit)	279,906	31,621	589,200	(235,444)	665,283
Total Net Position	\$ 411,695	\$ 31,621	\$ 589,200	\$ (99,571)	\$ 932,945

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND					
	FOOD SERVICE FUND	SCHOOL STORE	EDUCATIONAL SERVICES UNIT	VQ/CA	ALTERNATIVE EDUCATION PROGRAM	TOTALS
OPERATING REVENUES						
Charges for Services:						
Daily Sales - Reimbursable Programs:						
School Lunch & Breakfast Programs	\$ 69,671	\$ -	\$ -	\$ -	\$ -	\$ 69,671
Daily Sales - Nonreimbursable Programs	82,219	-	-	-	-	82,219
Special Functions	76,236	-	-	-	-	76,236
Fees for Services	-	-	13,956,207	-	-	13,956,207
Other Revenue	-	-	253,787	747,543	2,198,909	3,200,239
Sale of Merchandise	-	1,786	-	-	-	1,786
Total Operating Revenue	228,126	1,786	14,209,994	747,543	2,198,909	17,386,358
OPERATING EXPENSES						
Salaries & Wages	572,013	-	7,253,110	728,391	105,027	8,658,541
Health Benefits	-	-	720,000	-	-	720,000
Purchased Professional Services	108,796	-	1,049,377	-	1,717,113	2,875,286
Purchased Services - Transportation	-	-	4,922,297	-	-	4,922,297
Rental of Land and Buildings	-	-	-	19,152	360,000	379,152
Repairs	7,684	-	100,333	-	-	108,017
Supplies & Materials	81,882	-	229,066	-	29,783	340,731
Depreciation	21,336	-	-	-	14,602	35,938
Miscellaneous Expenditures	41,485	-	17,843	-	8,154	67,482
Cost of Sales-Reimbursable Programs	276,247	-	-	-	-	276,247
Cost of Sales-Non-Reimbursable Programs	34,143	10,590	-	-	-	44,733
Total Operating Expenses	1,143,586	10,590	14,292,026	747,543	2,234,679	18,428,424
Operating Income/(Loss)	(915,460)	(8,804)	(82,032)	-	(35,770)	(1,042,066)
Nonoperating Revenues/(Expenses):						
State Sources:						
State School Lunch Program	3,940	-	-	-	-	3,940
Federal Source:						
School Breakfast Program	101,627	-	-	-	-	101,627
National School Lunch Program	191,239	-	-	-	-	191,239
Food Distribution Program	26,260	-	-	-	-	26,260
Transfer In/(Out) from General Fund	757,385	-	200,000	-	200,000	1,157,385
Cancellation of Accounts Payable	71,944	-	-	-	-	71,944
Total Nonoperating Revenues/(Expenses)	1,152,395	-	200,000	-	200,000	1,552,395
Change in Net Position	236,935	(8,804)	117,968	-	164,230	510,329
Total Net Position - Beginning	174,760	40,425	471,232	-	(263,801)	422,616
Total Net Position - Ending	\$ 411,695	\$ 31,621	\$ 589,200	\$ -	\$ (99,571)	\$ 932,945

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND					
	FOOD SERVICE FUND	SCHOOL STORE	EDUCATIONAL SERVICES UNIT	VQ/CA	ALTERNATIVE EDUCATION PROGRAM	TOTALS
Cash Flows From Operating Activities:						
Receipts from Customers	\$ 226,819	\$ 1,786	\$ 13,847,566	\$ 747,543	\$ 1,993,518	\$ 16,817,232
Payments to Employees	(572,013)	-	(7,078,034)	(728,391)	(105,027)	(8,483,465)
Payments to Suppliers	(466,528)	(10,878)	(7,038,916)	(19,152)	(2,115,050)	(9,650,524)
Net Cash Provided by/(Used for) Operating Activities	(811,722)	(9,092)	(269,384)	-	(226,559)	(1,316,757)
Cash Flows From Noncapital Financing Activities:						
State Sources	3,848	-	-	-	-	3,848
Federal Sources	311,820	-	-	-	-	311,820
Operating Subsidies & Transfers to Other Funds	757,385	-	200,000	-	200,000	1,157,385
Net Cash Provided by/(Used for) Noncapital Financing Activities	1,073,053	-	200,000	-	200,000	1,473,053
Cash Flows From Capital & Related Financing Activities:						
Purchases of Capital Assets	(25,075)	-	-	-	-	(25,075)
Net Cash Provided by/(Used for) Capital & Related Financing Activities	(25,075)	-	-	-	-	(25,075)
Net Increase/(Decrease) in Cash & Cash Equivalents						
Balances - Beginning of Year	236,256	(9,092)	(69,384)	-	(26,559)	131,221
Balances - End of Year	5,399	34,183	173,863	-	(833,261)	(619,816)
Balances - End of Year	\$ 241,655	\$ 25,091	\$ 104,479	\$ -	\$ (859,820)	\$ (488,595)

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (915,460)	\$ (8,804)	\$ (82,032)	\$ -	\$ (35,770)	\$ (1,042,066)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:						
Depreciation & Net Amortization (Increase)/Decrease in Accounts Receivable, Net	21,336	-	-	-	14,602	35,938
(Increase)/Decrease in Inventories	(5,970)	(288)	-	-	-	(6,258)
Increase/(Decrease) in Unearned Revenue	(802)	-	-	-	-	(802)
(Increase)/Decrease in Accounts Receivable	(505)	-	-	-	-	(505)
Increase/(Decrease) in Interfund Payable	-	-	175,076	-	-	175,076
Increase/(Decrease) in Accounts Payable	89,679	-	-	-	-	89,679
Total Adjustments	103,738	(288)	(187,352)	-	(190,789)	(274,691)
Net Cash Provided/(Used) by Operating Activities	\$ (811,722)	\$ (9,092)	\$ (269,384)	\$ -	\$ (226,559)	\$ (1,316,757)

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

This page intentionally left blank

Fiduciary Fund

This page intentionally left blank

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTALS
	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITY	PAYROLL FUND		
Cash & Cash Equivalents	\$ -	\$ 208,937	\$ 324,280	\$	533,217
Total Assets	-	208,937	324,280		533,217
LIABILITIES					
Payroll Deductions & Withholdings	-	-	316,317		316,317
Due to Employees - Flex Spending	-	-	7,963		7,963
Payable to Student Groups	-	208,937	-		208,937
Total Liabilities	-	208,937	324,280		533,217
NET POSITION					
Restricted - Held in Trust for Unemployment Claims	-	-	-		-
Total Net Position	\$ -	\$ -	\$ -	\$	-

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	PRIVATE PURPOSE TRUST UNEMPLOYMENT TRUST	TOTALS
ADDITIONS		
Employee Contributions	\$ 193,681	\$ 193,681
Total Contributions	193,681	193,681
Total Additions	193,681	193,681
DEDUCTIONS		
Unemployment Claims	190,457	190,457
Total Deductions	190,457	190,457
Change in Net Position	3,224	3,224
Net Position - Beginning of the Year	(3,224)	(3,224)
Net Position - End of the Year	\$ -	\$ -

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

This page intentionally left blank

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Burlington County Special Services School District (hereafter referred to as the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Burlington County Special Services School District is a Special Services School District located in the County of Burlington, State of New Jersey. As a Special Services School District, the School District functions independently through a Board of Education. The Board is comprised of six members appointed to three-year terms by the County Freeholders. These terms are staggered so that two members' terms expire each year. The purpose of the School District is to provide programs adapted to each student's unique needs and abilities. Focusing on students' capabilities, the School District provides specialized academic instructional approaches, a carefully planned sequence of career development experiences, physical education, and recreational activities combined with the specialized therapeutic interventions needed to assure that each child reaches full potential. By carefully structuring each student's program on an individual basis, the School District strives to have each student become a productive, self-sufficient member of the community. The Burlington County Special Services School District has an approximate enrollment at June 30, 2018 of 607 students.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization's board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is a component unit of the County of Burlington, however, the County of Burlington reports on a regulatory basis of accounting which excludes component units. The County of Burlington's financial statements may be obtained directly from the County of Burlington Department of Finance and Administration.

Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2018.

Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund and the C.D.A. program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Department of Education the School District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

School Store Fund – This fund accounts for the revenues and expenses pertaining to the District’s school store operations.

Educational Services Unit Fund – This fund accounts for the revenues and expenses pertaining to the District’s educational services unit operations.

VQ/CA Fund – This fund accounts for the revenues and expenses pertaining to the District’s capital academy operations.

Alternate Education Program Fund – This fund accounts for the revenues and expenses pertaining to the District’s alternative education operations.

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School District. Expenditures consist of unemployment reimbursement claims.

Donation Trust Fund – Revenues consist of donations from various residents. Expenditures consist of various payments for the district..

Agency Funds - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

Cash and Cash Equivalents

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2018 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Land Improvements	10 – 20 Years	N/A
Buildings and Improvements	10 – 50 Years	N/A
Furniture and Equipment	5 – 20 Years	5 – 12 Years
Vehicles	5 – 10 Years	4 – 6 Years

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2018.

- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2018:

Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agency Employers and Agent Multi-Employer Plans, for OPEB Statement No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB Plans.

Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement will be effective for the year ended June 30, 2018.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, Fiduciary Activities. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan’s fiduciary net position and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2018, the School District’s bank balance of \$7,985,350 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 7,317,298
Uninsured and Uncollateralized	<u>668,052</u>
	<u>\$ 7,985,350</u>

Investments

The School District had no investments at June 30, 2018.

Note 3. Reserve Accounts

Capital Reserve

A capital reserve account was established by the School District by inclusion of \$500 on November 29, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 3. Reserve Accounts (continued)

also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Balance, June 30, 2017 & 2018	\$ 1,510,108
-------------------------------	--------------

Note 4. Accounts Receivable

Accounts receivable at June 30, 2018 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2018, consisted of the following:

Description	Governmental Funds		Proprietary Funds			Total Business-Type Activities
	General Fund	Total Governmental Activities	Food Service Fund	Educational Services Unit	Alternative Ed. Program	
Federal Awards	\$ -	\$ -	\$ 28,935	\$ -	\$ -	\$ 28,935
State Awards	59,839	59,839	381	-	-	381
Other	2,610,540	2,610,540	6,222	1,414,582	624,376	2,045,180
Total	\$ 2,670,379	\$ 2,670,379	\$ 35,538	\$ 1,414,582	\$ 624,376	\$ 2,074,496

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance July 1, <u>2017</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2018</u>
Capital assets not being depreciated:				
Construction in Progress	\$ 3,240,652	\$ -	\$ (3,240,652)	\$ -
Total Capital Assets not being depreciated	3,240,652	-	(3,240,652)	-
Capital Assets being depreciated:				
Land Improvements	1,857,446	-	-	1,857,446
Buildings and Improvements	1,711,155	426,086	3,240,652	5,377,893
Equipment	6,377,295	205,159	-	6,582,454
Total Capital Assets being depreciated	9,945,896	631,245	3,240,652	13,817,793

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 5. Capital Assets (continued)

	Balance July 1, <u>2017</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2018</u>
Governmental Activities (continued):				
Less: Accumulated Depreciation:				
Land Improvements	(978,993)	(92,872)	-	(1,071,865)
Buildings and Improvements	(643,004)	(391,779)	-	(1,034,783)
Equipment	(3,143,804)	(390,632)	-	(3,534,436)
Total Accumulated Depreciation	<u>(4,765,801)</u>	<u>(875,283)</u>	<u>-</u>	<u>(5,641,084)</u>
Total Capital Assets being depreciated, net	<u>5,180,095</u>	<u>(244,038)</u>	<u>3,240,652</u>	<u>8,176,709</u>
Total Governmental Activities Capital Assets, net	<u>\$ 8,420,747</u>	<u>\$ (244,038)</u>	<u>\$ -</u>	<u>\$ 8,176,709</u>

	Balance July 1, <u>2017</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2018</u>
Business-Type Activities:				
Machinery & Equipment	\$ 879,271	\$ 25,075	\$ -	\$ 904,346
	<u>879,271</u>	<u>25,075</u>	<u>-</u>	<u>904,346</u>
Less: Accumulated Depreciation:				
Machinery & Equipment	(600,746)	(35,938)	-	(636,684)
	<u>(600,746)</u>	<u>(35,938)</u>	<u>-</u>	<u>(636,684)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 278,525</u>	<u>\$ (10,863)</u>	<u>\$ -</u>	<u>\$ 267,662</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2018 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 929,861	\$ 63,712
Food Service Fund	63,712	-
Educational Services Unit Fund	<u>-</u>	<u>929,861</u>
	<u>\$ 993,573</u>	<u>\$ 993,573</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 6. Interfund Receivables, Payables and Transfers (continued)

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,157,385
Food Service Fund	757,385	-
Educational Services Unit Fund	200,000	-
Alternative Education Fund	200,000	-
	<u>\$ 1,157,385</u>	<u>\$ 1,157,385</u>

The purpose of the interfund transfers were for the funding of other funds operations and for payments made on behalf of other funds.

Note 7. Long-Term and Short-Term Obligations

Long-Term

During the fiscal year-ended June 30, 2018 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>	Balance <u>Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 1,040,922	\$ -	\$ 82,239	\$ 958,683	\$ -
Net Pension Liability	38,868,976	-	8,020,797	30,848,179	-
	<u>\$ 39,909,898</u>	<u>\$ -</u>	<u>\$ 8,103,036</u>	<u>\$ 31,806,862</u>	<u>\$ -</u>

Compensated absences and net pension liability are liquidated by the general fund.

Bonds Payable

As of June 30, 2018, the District had no bonds payable outstanding.

Bonds Authorized but not Issued

As of June 30, 2018, the School District had no bonds authorized but not issued.

Short-Term – Line of Credit

The district was issued a line of credit from Investors Bank with a principal amount of \$2,000,000 for a one year term with a prime interest rate on October 4, 2016 and extended on December 1, 2017.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 7. Long-Term and Short-Term Obligations (continued)

The district did not have to draw down on the line of credit in the current fiscal year. As of June 30, 2018 there was no outstanding payable amount.

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2018, the School District reported a liability of \$30,848,179 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The School District's proportion measured as of June 30, 2017, was 0.1325184596%, which was an increase of 0.0012803073% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$1,584,597 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 726,368	\$ -
Changes of Assumptions	6,214,845	6,192,060
Net Difference between Projected and Actual Earnings on Pension Plan Investments	210,055	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	1,492,242	2,978,572
School District contributions subsequent to measurement date	<u>1,307,252</u>	<u>-</u>
	<u>\$ 9,950,762</u>	<u>\$ 9,170,632</u>

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

\$1,307,252 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Client Year Ending	
<u>June 30,</u>	<u>Amount</u>
2019	\$ (394)
2020	437,068
2021	231,900
2022	(603,123)
2023	<u>(592,573)</u>
	<u>\$ (527,122)</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
 Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

Actuarial Assumptions – The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees’ Retirement System (PERS) (continued)

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2017, calculated using the discount rate of 5.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 38,269,260</u>	<u>\$ 30,848,179</u>	<u>\$ 24,665,499</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017

Collective Balances at June 30, 2018 and June 30, 2017

	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 9,950,762	\$ 11,923,857
Deferred Inflows of Resources	9,170,632	4,073,635
Net Pension Liability	30,848,179	38,868,976
District's portion of the Plan's total net pension Liability	0.13252%	0.13124%

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2017 was \$112,024,644. The School District's proportionate share was \$-0-.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.1661504792%, which was a decrease of 0.0033858437% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized \$4,130,403 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<hr style="width: 100%; border: 0.5px solid black;"/>	
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 4.25% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>(3.25%)</u>	Current Discount Rate <u>(4.25%)</u>	1% Increase <u>(5.25%)</u>
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	<u>\$ 133,088,791</u>	<u>\$ 112,024,644</u>	<u>\$ 94,671,908</u>
	<u>\$ 133,088,791</u>	<u>\$ 112,024,644</u>	<u>\$ 94,671,908</u>

Pension Plan Fiduciary Net Position - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$ 14,353,461,035	\$ 17,581,004,496
Collective Deferred Inflows of Resources	\$ 11,992,821,439	\$ 300,836,088
Collective Net Pension Liability	\$ 67,670,209,171	\$ 79,028,907,033
School District's portion	0.1661504792%	0.1695363229%

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2018, employee contributions totaled \$55,308 and the District recognized pension expense of \$31,380.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 9. Other Post-Retirement Benefits (continued)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%			
		TPAF/ABP	PERS	PFRS
Salary Increases:		<hr/>	<hr/>	<hr/>
Through		1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
		based on years	based on age	based on age
		of service		
Thereafter		2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
		based on years	based on age	based on age
		of service		

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 9. Other Post-Retirement Benefits (continued)

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount- Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2017 was \$120,181,060. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2017, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the OPEB Obligation attributable to the School District was 0.2240518537%, which was a decrease of 0.0003362830% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$7,554,650 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2017 measurement date.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 9. Other Post-Retirement Benefits (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 142,663,589	\$ 120,181,060	\$ 102,347,704
State of New Jersey's Total Nonemployer OPEB Liability	\$ 63,674,362,200	\$ 53,639,841,858	\$ 45,680,364,953
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 154,998,436	\$ 129,378,706	\$ 109,212,694
State of New Jersey's Total Nonemployer OPEB Liability	\$ 69,283,705,084	\$ 57,831,784,184	\$ 48,817,654,566

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 9. Other Post-Retirement Benefits (continued)

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 98,837,304	\$ 120,181,060	\$ 148,525,317
State of New Jersey's Total Nonemployer OPEB Liability	\$ 44,113,584,560	\$ 53,639,841,858	\$ 66,290,599,457

	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 106,158,831	\$ 129,378,706	\$ 160,421,467
State of New Jersey's Total Nonemployer OPEB Liability	\$ 47,452,589,164	\$ 57,831,784,184	\$ 71,707,778,970

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in Proportion	\$ 99,843,255	\$ (99,843,255)
Change in Assumptions	\$ -	\$ (6,343,769,032)
Contributions Made in Fiscal Year Year Ending 2018 After June 30, 2017 Measurement Date **	\$ 1,190,373,242	\$ -
	<u>\$ 1,290,216,497</u>	<u>\$ (6,443,612,287)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 9. Other Post-Retirement Benefits (continued)

Fiscal Year <u>Ending June 30,</u>	
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	<u>(2,629,618,547)</u>
	<u>\$ (6,343,769,032)</u>

** Employer Contributions made after June 30, 2017 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2016, the Program membership consisted of the following:

	<u>June 30, 2016</u>
Active Plan Members	\$ 223,747
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	<u>142,331</u>
	<u>\$ 366,078</u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Total OPEB Liability	
Service Cost	\$ 2,391,878,884
Interest Cost	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Contributions: Member	45,748,749
Gross Benefit Payments	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	(4,191,942,326)
Total OPEB Liability (Beginning)	<u>57,831,784,184</u>
Total OPEB Liability (Ending)	<u>\$ 53,639,841,858</u>
Total Covered Employee Payroll	\$ 13,493,400,208
Net OPEB Liability as a Percentage of Payroll	398%

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2018, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$2,507,859, \$1,191,329, \$1,619,772 and \$2,772, respectively.

Note 11. Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ 193,681	\$ -	\$ 190,457	\$ -
2016-2017	181,122	-	184,346	(3,224)
2015-2016	242,708	-	211,909	-

Property and Liability Insurance – The School District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2018 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 12. Contingencies (continued)

Economic Dependency – The School District receives a substantial amount of its support from the county government. A significant reduction in the level of support, if this were to occur, could have an effect on the School District’s programs and activities.

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable Life
Lincoln Investment
The Omni Group
Vanguard
TIAA

Note 14. Compensated Absences

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), “Accounting for Compensated Absences”. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with School Districts’ agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2018, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$958,683 and \$-0-, respectively.

Note 15. Commitments

The School District has contractual commitments at June 30, 2018 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$576,999.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 16. Operating Leases

General Fund

The School District has commitments to lease copiers and postage machines under operating leases for 5 years. Total lease payments made during the year ended June 30, 2018 amounted to \$58,632. Future minimum lease payments are as follows:

Fiscal Year Ending <u>June 30,</u>	
2019	\$ 57,206
2020	59,131
2021	57,531
2022	38,421
2023	<u>1,925</u>
Total Minimum Lease Payments	<u>\$ 214,214</u>

Alternative Education Program Fund

The School District has commitments to lease a building under operating leases for 10 years. Total lease payments made during the year ended June 30, 2018 amounted to \$360,000. Future minimum lease payments are as follows:

Fiscal Year Ending <u>June 30,</u>	
2019	\$ 360,000
2020	360,000
2021	360,000
2022	360,000
2023	360,000
2024-2026	<u>1,080,000</u>
Total Minimum Lease Payments	<u>\$ 2,880,000</u>

Note 17. Fund Balances

General Fund – Of the \$5,983,763 General Fund fund balance at June 30, 2018, \$1,510,108 has been restricted for the Capital Reserve Account; \$400,000 has been designated for subsequent years' expenditures; \$576,999 has been assigned to other purposes and \$3,496,656 has been unassigned.

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$27,860,329 at June 30, 2018. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2018. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (continued)**

Note 18. Deficit in Net Position (continued)

The Alternative Education Program fund had a deficit in unrestricted net position in the amount of \$235,444 at June 30, 2018. The primary causes of this deficit is pre-existing contracted requirements preclude the District from charging the requisite amount for tuition.

Note 19. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 20. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 20, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the School District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

This page intentionally left blank

C. Budgetary Comparison Schedules

This page intentionally left blank

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ACCOUNT NUMBER	JUNE 30, 2018				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:						
Local Sources:						
County Appropriations	10-1210	\$ 4,800,000	\$ -	\$ 4,800,000	\$ 4,800,000	\$ -
Tuition - LEAs	10-1310	26,934,297	-	26,934,297	26,767,255	(167,042)
Other Tuition	10-1320-1340	8,407,880	-	8,407,880	9,149,882	742,002
Nonresident Fees	10-1350	457,600	-	457,600	386,802	(70,798)
Interest Earned on Capital Reserve	10-1XXX	2,500	-	2,500	-	(2,500)
Miscellaneous	10-1XXX	302,500	-	302,500	503,774	201,274
Total Local Sources		40,904,777	-	40,904,777	41,607,713	702,936
State Sources:						
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	2,507,859	2,507,859
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	1,619,772	1,619,772
On-Behalf TPAF Long-Term Disability Insurance Contribution		-	-	-	2,772	2,772
Reimbursed TPAF Social Security Contributions		-	-	-	1,191,329	1,191,329
Total State Sources		-	-	-	5,321,732	5,321,732
Federal Sources:						
Special Education Aid - Medicaid Initiative	11-4200-000	-	-	-	226,496	226,496
Total Federal Services		-	-	-	226,496	226,496
Total Revenues		40,904,777	-	40,904,777	47,155,941	6,251,164
Expenditures:						
Current Expense:						
Special Education - Instruction:						
Learning and Language:						
Other Salaries for Instruction	11-204-100-106	60,507	(60,507)	-	-	-
Total Learning and Language		60,507	(60,507)	-	-	-
Auditory Impairments:						
Salaries of Teachers	11-207-100-101	345,239	(151,152)	194,087	194,087	-
Total Auditory Impairments		345,239	(151,152)	194,087	194,087	-
Behavioral Disabilities:						
Salaries of Teachers	11-209-100-101	1,955,947	150,068	2,106,015	2,106,015	-
Other Salaries for Instruction	11-209-100-106	955,118	(6,165)	948,953	948,953	-
Unused Sick Payment to Terminated/Retired Staff	11-209-100-299	-	9,006	9,006	9,006	-
Purchased Professional Education Services	11-209-100-320	138,000	(62,783)	75,217	75,217	-
Purchased Technical Services	11-209-100-330	-	62,035	62,035	62,035	-
Other Purchased Services	11-209-100-500	40,750	(8,247)	32,503	30,518	1,985
General Supplies	11-209-100-610	120,590	(17,583)	103,007	97,231	5,776
Textbooks	11-209-100-640	8,000	(493)	7,507	5,632	1,875
Total Behavioral Disabilities		3,218,405	125,838	3,344,243	3,334,607	9,636
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	3,379,657	(751,371)	2,628,286	2,628,286	-
Other Salaries for Instruction	11-212-100-106	2,123,630	(266,208)	1,857,422	1,857,422	-
Unused Sick Payment to Terminated/Retired Staff	11-212-100-299	-	49,489	49,489	49,489	-
Purchased Professional Education Services	11-212-100-320	202,000	(141,183)	60,817	60,817	-
Purchased Technical Services	11-212-100-330	-	74,480	74,480	74,480	-
Other Purchased Services	11-212-100-500	77,900	20,517	98,417	91,033	7,384
General Supplies	11-212-100-610	131,499	(15,508)	115,991	109,140	6,851
Textbooks	11-212-100-640	12,000	22,426	34,426	34,426	-
Total Multiple Disabilities		5,926,686	(1,007,358)	4,919,328	4,905,093	14,235

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBER	JUNE 30, 2018			ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Autism:						
Salaries of Teachers	11-214-100-101	1,765,363	249,326	2,014,689	2,014,689	-
Other Salaries for Instruction	11-214-100-106	1,984,684	(6,537)	1,978,147	1,978,147	-
Unused Sick Payment to Terminated/Retired Staff	11-214-100-299	-	3,292	3,292	3,292	-
Purchased Professional Educational Services	11-214-100-320	205,000	(32,523)	172,477	172,477	-
Purchased Technical Services	11-214-100-330	-	11,293	11,293	11,293	-
Other Purchased Services	11-214-100-500	19,565	(5,522)	14,043	13,690	353
General Supplies	11-214-100-610	63,923	2,995	66,918	54,828	12,090
Total Autism		4,038,535	222,324	4,260,859	4,248,416	12,443
Preschool Disabilities -Full-Time:						
Salaries of Teachers	11-216-100-101	181,094	117,674	298,768	298,768	-
Other Salaries for Instruction	11-216-100-106	84,449	145,275	229,724	229,724	-
Purchased Professional Educational Services	11-216-100-320	38,000	(34,761)	3,239	3,239	-
Purchased Technical Services	11-216-100-330	-	15,000	15,000	15,000	-
Other Purchased Services	11-216-100-500	1,215	-	1,215	65	1,150
General Supplies	11-216-100-610	7,060	(2,982)	4,078	1,645	2,433
Total Preschool Disabilities - Full-Time		311,818	240,206	552,024	548,441	3,583
Home Instruction:						
Salaries of Teachers	11-219-100-101	9,000	(1,375)	7,625	7,625	-
Total Home Instruction		9,000	(1,375)	7,625	7,625	-
Extended School Year:						
Salaries of Teachers	11-221-100-101	580,000	23,409	603,409	603,409	-
Other Salaries for Instruction	11-221-100-106	340,000	(70,489)	269,511	269,511	-
Purchased Professional Educational Services	11-221-100-320	3,000	48,938	51,938	51,938	-
Total Extended School Year		923,000	1,858	924,858	924,858	-
Cognitive Severe:						
Salaries of Teachers	11-222-100-101	462,477	(156,916)	305,561	305,561	-
Other Salaries for Instruction	11-222-100-106	427,103	(66,859)	360,244	360,244	-
Purchased Professional Educational Services	11-222-100-320	40,000	22,839	62,839	62,839	-
Other Purchased Services	11-222-100-500	1,700	(1,200)	500	-	500
General Supplies	11-222-100-610	9,960	(3,708)	6,252	5,494	758
Total Cognitive-Severe		941,240	(205,844)	735,396	734,138	1,258
Total Special Education - Instruction		15,774,430	(836,010)	14,938,420	14,897,265	41,155
School Sponsored Cocurricular Activities:						
Salaries (Stipends)	11-401-100-100	239,000	(25,908)	213,092	220,572	(7,480)
Other Purchased Services	11-401-100-500	4,500	(2,847)	1,653	1,653	-
Supplies and Materials	11-401-100-600	1,500	7,127	8,627	1,147	7,480
Total School Sponsored Cocurricular Activities		245,000	(21,628)	223,372	223,372	-
Community Services:						
Salaries	11-800-330-100	13,594	(294)	13,300	13,300	-
Supplies and Materials	11-800-330-600	500	(500)	-	-	-
Total Community Services		14,094	(794)	13,300	13,300	-
Total Instruction		16,033,524	(858,432)	15,175,092	15,133,937	41,155

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBER	JUNE 30, 2018				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Undistributed Expenditures:						
Health Services:						
Salaries	11-000-213-100	471,666	(36,896)	434,770	434,770	-
Unused Sick Payment to Terminated/Retired Staff	11-000-213-299	-	8,156	8,156	8,156	-
Other Purchased Professional Services	11-000-213-330	20,330	15,938	36,268	36,268	-
Supplies and Materials	11-000-213-610	11,929	5,217	17,146	17,146	-
Total Health Services		503,925	(7,585)	496,340	496,340	-
Other Related Services:						
Salaries	11-000-216-100	2,484,171	(31,233)	2,452,938	2,452,938	-
Unused Sick Payment to Terminated/Retired Staff	11-000-216-299	-	9,485	9,485	9,485	-
Purchased Prof. - Educational Services	11-000-216-320	50,000	21,197	71,197	71,197	-
Supplies & Materials	11-000-216-610	15,525	(5,501)	10,024	10,024	-
Total Other Related Services		2,549,696	(6,052)	2,543,644	2,543,644	-
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	179,192	(89,192)	90,000	90,000	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	282,308	(61,717)	220,591	220,591	-
Other Salaries	11-000-219-110	1,088,706	(130,503)	958,203	958,203	-
Unused Vacation Payment Term/Unused	11-000-219-199	-	5,120	5,120	5,033	87
Unused Sick Payment to Terminated/Retired Staff	11-000-219-299	-	15,000	15,000	15,000	-
Purchased Ed Services	11-000-219-320	50,000	57,113	107,113	107,113	-
Purchased Technical Services	11-000-219-390	104,454	37,950	142,404	142,276	128
Other Purchased Services	11-000-219-500	5,562	(3,748)	1,814	1,814	-
Supplies & Materials	11-000-219-600	10,296	6,705	17,001	16,970	31
Other Objects	11-000-219-800	3,146	(3,010)	136	136	-
Total Other Support Services - Students - Special Services		1,723,664	(166,282)	1,557,382	1,557,136	246
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries of Supervisors of Instruction	11-000-221-102	82,512	6,347	88,859	88,859	-
Salaries of Other Professional Staff	11-000-221-104	10,000	10,676	20,676	20,676	-
Salaries of Secretarial & Clerical Assistants	11-000-221-105	42,158	(21)	42,137	42,137	-
Salaries of Facilitators, Math & Literacy Coaches	11-000-221-176	-	70,203	70,203	70,203	-
Other Purchased Services	11-000-221-500	70,334	(9,881)	60,453	60,453	-
Supplies and Materials	11-000-221-600	3,000	(1,042)	1,958	1,958	-
Other Objects	11-000-221-800	3,800	(3,800)	-	-	-
Total Improvement of Instruction Services/Other Support Services Instructional Staff		211,804	72,482	284,286	284,286	-
Instructional Staff Training Services:						
Salaries of Other Professional Staff	11-000-223-104	8,000	(8,000)	-	-	-
Other Purchased Services	11-000-223-500	23,500	2,161	25,661	25,661	-
Supplies and Materials	11-000-223-600	3,000	(295)	2,705	2,705	-
Total Instructional Staff Training Services		34,500	(6,134)	28,366	28,366	-
Support Services General Administration:						
Salaries	11-000-230-100	152,410	(145,910)	6,500	6,500	-
Legal Services	11-000-230-331	117,010	(21,118)	95,892	95,892	-
Audit Fees	11-000-230-332	60,000	(8,060)	51,940	51,940	-
Other Purchased Professional Services	11-000-230-339	25,000	137,280	162,280	162,280	-
Communications/Telephone	11-000-230-530	270,000	(43,396)	226,604	226,532	72
BOE Other Purchased Services	11-000-230-585	10,000	(3,682)	6,318	6,318	-
Supplies and Materials	11-000-230-610	1,500	(9)	1,491	1,491	-
Miscellaneous Expenditures	11-000-230-890	10,000	(2,574)	7,426	7,426	-
BOE Membership Dues and Fees	11-000-230-895	10,000	13,295	23,295	23,295	-
Total Support Services General Administration		655,920	(74,174)	581,746	581,674	72

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ACCOUNT NUMBER	JUNE 30, 2018			ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	646,564	41,602	688,166	688,166	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	249,680	41,214	290,894	290,894	-
Unused Vacation Payment Term/Retired	11-000-240-199	-	9,689	9,689	9,689	-
Unused Sick Payment to Terminated/Retired Staff	11-000-240-299	-	10,382	10,382	10,382	-
Purchased Professional & Tech Services	11-000-240-300	80,000	8,816	88,816	88,816	-
Travel - All Other	11-000-240-580	2,350	1,982	4,332	4,332	-
Supplies and Materials	11-000-240-600	15,068	(9,009)	6,059	6,059	-
Other Objects	11-000-240-800	10,420	6,429	16,849	16,849	-
Total Support Services School Administration		1,004,082	111,105	1,115,187	1,115,187	-
Support Services Central Services						
Salaries	11-000-251-100	677,929	(152,439)	525,490	525,490	-
Purchased Professional Services	11-000-251-330	166,250	93,101	259,351	259,351	-
Supplies and Materials	11-000-251-600	30,250	(6,539)	23,711	22,641	1,070
Interest on Loans	11-000-251-831	4,600	(4,600)	-	-	-
Miscellaneous Expenditures	11-000-251-890	20,000	(13,560)	6,440	6,440	-
Shared Service Agreement - County Board of Freeholders	11-000-251-897	500,000	300,000	800,000	800,000	-
Total Support Services Central Services		1,399,029	215,963	1,614,992	1,613,922	1,070
Support Services Administrative Information Technology:						
Salaries	11-000-252-100	319,544	(94,362)	225,182	225,182	-
Unused Vacation Payment Term/Retired	11-000-252-199	5,000	(1,200)	3,800	3,800	-
Other Purchased Professional Services	11-000-252-330	126,500	46,961	173,461	173,461	-
Supplies and Materials	11-000-252-600	101,427	315,146	416,573	302,292	114,281
Other Objects	11-000-252-800	2,000	(29)	1,971	1,971	-
Total Support Services Administrative Information Technology		554,471	266,516	820,987	706,706	114,281
Allowable Maintenance for School Facilities:						
Salaries	11-000-261-100	515,795	(61,051)	454,744	454,744	-
Other Purchased Professional Services	11-000-261-330	-	69,899	69,899	69,899	-
Cleaning, Repair & Maintenance Services	11-000-261-420	245,000	(15,893)	229,107	188,943	40,164
General Supplies	11-000-261-610	147,000	12,715	159,715	102,793	56,922
Other Objects	11-000-261-800	6,000	(3,026)	2,974	2,974	-
Total Allowable Maintenance for School Facilities		913,795	2,644	916,439	819,353	97,086
Operation & Maintenance of Plant:						
Salaries	11-000-262-100	883,554	(29,068)	854,486	854,486	-
Purchased Professional & Technical Services	11-000-262-300	105,000	(93,237)	11,763	8,600	3,163
Cleaning, Repair & Maintenance Services	11-000-262-420	49,000	(22,122)	26,878	25,289	1,589
Other Purchased Property Services	11-000-262-490	95,000	(20,685)	74,315	74,315	-
Insurance	11-000-262-520	258,731	(23,752)	234,979	234,979	-
General Supplies	11-000-262-610	148,000	47,072	195,072	124,041	71,031
Energy (Natural Gas)	11-000-262-621	275,000	(102,455)	172,545	172,545	-
Energy (Electricity)	11-000-262-622	525,000	(53,530)	471,470	471,470	-
Other Objects	11-000-262-800	3,500	(3,500)	-	-	-
Total Operation & Maintenance of Plant		2,342,785	(301,277)	2,041,508	1,965,725	75,783
Care & Upkeep of Grounds:						
Salaries	11-000-263-100	10,000	(1,831)	8,169	8,169	-
General Supplies	11-000-263-610	20,000	10,957	30,957	29,357	1,600
Total Care & Upkeep of Grounds		30,000	9,126	39,126	37,526	1,600
Total Operation & Maintenance of Plant Services & Allowable Maintenance for School Facilities		3,286,580	(289,507)	2,997,073	2,822,604	174,469

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBER	JUNE 30, 2018			ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Security Services:						
Purchased Professional & Technical Services	11-000-266-330	325,000	(171,317)	153,683	153,683	-
Cleaning, Repair & Maintenance Services	11-000-266-390	-	301,960	301,960	293,619	8,341
General Supplies	11-000-266-610	20,000	133,793	153,793	150,293	3,500
Total Security Services		345,000	264,436	609,436	597,595	11,841
Student Transportation Services:						
Salaries Pupil Transportation (Between Home & School) Nonpublic	11-000-270-163	295,402	(117,779)	177,623	177,623	-
Cleaning, Repair, & Maintenance Services	11-000-270-420	15,000	49,900	64,900	61,094	3,806
Total Student Transportation Services		310,402	(67,879)	242,523	238,717	3,806
Unallocated Benefits Employee Benefits:						
Social Security Contributions	11-000-291-220	1,172,567	(126,940)	1,045,627	1,045,627	-
Other Retirement Contributions - Regular	11-000-291-241	1,391,358	(50,640)	1,340,718	1,340,718	-
Unemployment Compensation	11-000-291-250	80,000	(19,118)	60,882	60,882	-
Workmen's Compensation	11-000-291-260	780,000	(86,779)	693,221	693,221	-
Health Benefits	11-000-291-270	7,639,160	79,888	7,719,048	7,719,048	-
Tuition Reimbursement	11-000-291-280	70,000	(12,135)	57,865	57,865	-
Total Unallocated Benefits - Employee Benefits		11,133,085	(215,724)	10,917,361	10,917,361	-
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	2,507,859	(2,507,859)
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	1,619,772	(1,619,772)
On-Behalf TPAF Long Term Disability Insurance Contribution		-	-	-	2,772	(2,772)
Reimbursed TPAF Social Security Contributions		-	-	-	1,191,329	(1,191,329)
Total Undistributed Expenditures		23,712,158	97,165	23,809,323	28,825,270	(5,015,947)
Total Expenditures - Current Expense		39,745,682	(761,267)	38,984,415	43,959,207	(4,974,792)
Capital Outlay:						
Undistributed Expenditures - Admin Info Tech.	12-000-252-730	25,000	77,425	102,425	17,277	85,148
Undist. Expend. - Required Maint for School Fac.	12-000-261-730	7,000	(7,000)	-	-	-
Undist. Expend. - Custodial Services	12-000-262-730	10,000	133,161	143,161	44,856	98,305
Security Equipment	12-000-266-730	-	13,960	13,960	13,960	-
Multiple Disabilities	12-212-100-730	31,200	9,468	40,668	40,668	-
Interest Deposit to Capital Reserve	10-604	2,500	-	2,500	-	2,500
Total Equipment		75,700	227,014	302,714	116,761	185,953
Facilities Acquisition & Construction Services:						
Construction Services	12-000-400-450	320,000	278,190	598,190	522,403	75,787
Total Facilities Acquisition & Construction Services:		320,000	278,190	598,190	522,403	75,787
Total Capital Outlay		395,700	505,204	900,904	639,164	261,740
Total Expenditures		40,141,382	(256,063)	39,885,319	44,598,371	(4,713,052)
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures Before Other Financing Sources/(Uses)		763,395	256,063	1,019,458	2,557,570	1,538,112

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

ACCOUNT NUMBER	JUNE 30, 2018			ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Financing Sources/(Uses):					
Board Contribution to Enterprise Funds	(901,322)	(256,063)	(1,157,385)	(1,157,385)	-
Board Contribution to County	-	-	-	(563,560)	(563,560)
Total Other Financing Sources/(Uses)	(901,322)	(256,063)	(1,157,385)	(1,720,945)	(563,560)
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures After Other Financing Sources/(Uses)	(137,927)	-	(137,927)	836,625	974,552
Fund Balances, July 1	5,147,138	-	5,147,138	5,147,138	-
Fund Balances, June 30	\$ 5,009,211	\$ -	\$ 5,009,211	\$ 5,983,763	\$ 974,552

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:	
Capital Reserve	\$ 1,510,108
Assigned Fund Balance:	
Year-End Encumbrances	576,999
Designated for Subsequent Years' Expenditures	400,000
Unassigned Fund Balance	<u>3,496,656</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 5,983,763</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

This page intentionally left blank

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION - PART II
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
 FOR FISCAL YEAR ENDED JUNE 30, 2018**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
 GAAP Revenues and Expenditures**

	GENERAL FUND N-1
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Revenue"	
From the Budgetary Comparison Schedule (C-Series)	<u>\$ 47,155,941</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u><u>\$ 47,155,941</u></u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Expenditures" From the Budgetary Comparison Schedule	<u>\$ 44,598,371</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u><u>\$ 44,598,371</u></u>

N-1 The General Fund Budget Uses GAAP Basis Therefore no Reconciliation is Necessary

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION - PART III

This page intentionally left blank

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

This page intentionally left blank

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FIVE FISCAL YEARS****

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.1325184596%	0.1312381523%	0.1242885275%	0.1568279499%	0.1515896433%
School District's proportionate share of the net pension liability	\$ 30,848,179	\$ 38,868,976	\$ 27,900,284	\$ 29,362,481	\$ 28,971,793
School District's covered payroll	\$ 8,854,950	\$ 8,924,012	\$ 8,739,799	\$ 8,630,576	\$ 10,547,656
School District's proportionate share of the net pension liability as a percentage of its covered payroll	348.37%	435.55%	319.23%	340.21%	274.68%
Plan fiduciary net position as a percentage of the total pension liability	36.78%	40.14%	47.93%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FIVE FISCAL YEARS***

	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 1,307,252	\$ 1,227,642	\$ 1,165,901	\$ 1,068,548	\$ 1,292,867
Contributions in relation to the contractually required contribution	(1,307,252)	(1,227,642)	(1,165,901)	(1,068,548)	(1,292,867)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 9,330,521	\$ 8,854,950	\$ 8,924,012	\$ 8,739,799	\$ 8,630,576
Contributions as a percentage of covered payroll	14.01%	13.86%	13.06%	12.23%	14.98%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS' PENSION AND ANNUITY FUND (TPAF)
 LAST FIVE FISCAL YEARS****

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the School District	112,024,644	133,368,066	118,725,848	106,005,793	102,843,366
	<u>\$ 112,024,644</u>	<u>\$ 133,368,066</u>	<u>\$ 118,725,848</u>	<u>\$ 106,005,793</u>	<u>\$ 102,843,366</u>
School District's covered payroll	\$ 16,954,481	\$ 16,624,194	\$ 16,770,812	\$ 16,917,862	Unavailable
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

M. Schedules Related to Accounting and Reporting for Other Post-Employment Benefits (GASB 75)

This page intentionally left blank

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FISCAL YEAR***

	2018
District's Total OPEB Liability	
Service Cost	\$ 5,393,350
Interest Cost	3,803,066
Changes of Assumptions	(15,712,915)
Contributions: Member	102,501
Gross Benefit Payments	(2,783,648)
Net Change in District's Total OPEB Liability	(9,197,646)
District's Total OPEB Liability (Beginning)	129,378,706
District's Total OPEB Liability (Ending)	\$ 120,181,060
District's Covered Employee Payroll	\$ 25,809,431
District's Net OPEB Liability as a Percentage of Payroll	466%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

This page intentionally left blank

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

This page intentionally left blank

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2018**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.22% as of June 30, 2016, to 4.25% as of June 30, 2017.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.98% as of June 30, 2016, to 5.00% as of June 30, 2017.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.85% as of June 30, 2016, to 3.58% as of June 30, 2017.

This page intentionally left blank

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank

D. School Based Budget Schedules

Not Applicable

This page intentionally left blank

E. Special Revenue Fund

Not Applicable

This page intentionally left blank

F. Capital Projects Fund

This page intentionally left blank

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2018**

PROJECT TITLE/ISSUE	APPROPRIATIONS	EXPENDITURES TO DATE		CANCELLATION OF COUNTY APPROPRIATIONS	UNEXPENDED BALANCE JUNE 30, 2018
		PRIOR YEARS	CURRENT YEAR		
Various Capital Improvements:					
County Appropriations:					
Westampton Campus Reroofing Project	\$ 3,350,000	\$ 3,240,652	\$ -	\$ (109,348)	\$ -
Total	<u>\$ 3,350,000</u>	<u>\$ 3,240,652</u>	<u>\$ -</u>	<u>\$ (109,348)</u>	<u>\$ -</u>

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Revenues & Other Financing Sources:	
County Appropriations	\$ (109,348)
	<u>(109,348)</u>
Total Revenues	<u>(109,348)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(109,348)
Fund Balance - Beginning	<u>109,348</u>
Fund Balance - Ending	<u><u>\$ -</u></u>

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
WESTAMPTON REROOFING PROJECT - PHASE III
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Appropriations	\$ 3,350,000	\$ (109,348)	\$ 3,240,652	\$ 3,240,652
Total Reserve	3,350,000	(109,348)	3,240,652	3,240,652
Expenditures & Other Financing Uses:				
Construction Services	3,240,652	-	3,240,652	3,240,652
Total Expenditures & Other Financing Uses	3,240,652	-	3,240,652	3,240,652
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 109,348	\$ (109,348)	-	-

ADDITIONAL PROJECT INFORMATION

Project Number	0605-030-16-1000
Grant Date	9/9/2015
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 3,350,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 3,240,652
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	2016-2017
Revised Target Completion Date	N/A

This page intentionally left blank

G. Proprietary Funds

This page intentionally left blank

Enterprise Funds

(See Exhibits B-4 through B-6)

This page intentionally left blank

Internal Service Fund

Not Applicable

This page intentionally left blank

H. Fiduciary Fund

This page intentionally left blank

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

ASSETS	PRIVATE PURPOSE	AGENCY		TOTAL
	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ -	\$ 208,937	\$ 324,280	\$ 533,217
Total Assets	-	208,937	324,280	533,217
LIABILITIES				
Payroll Deductions & Withholdings	-	-	316,317	316,317
Due to Employees - Flex Spending Account	-	-	7,963	7,963
Due to Student Groups	-	208,937	-	208,937
Total Liabilities	-	208,937	324,280	533,217
NET POSITION				
Restricted - Held in Trust for Unemployment Claims	-	-	-	-
Total Net Position	\$ -	\$ -	\$ -	\$ -

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<u>PRIVATE PURPOSE TRUST UNEMPLOYMENT TRUST</u>	TOTAL
ADDITIONS:		
Local Sources:		
Employee Contributions	\$ 193,681	\$ 193,681
Total Additions	<u>193,681</u>	<u>193,681</u>
DEDUCTIONS:		
Unemployment Claims	<u>190,457</u>	<u>190,457</u>
Total Operating Deductions	<u>190,457</u>	<u>190,457</u>
Change in Net Position	3,224	3,224
Net Position, July 1	<u>(3,224)</u>	<u>(3,224)</u>
Net Position, June 30	<u>\$ -</u>	<u>\$ -</u>

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	BALANCE JUNE 30, 2017	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2018
Central/District	\$ 4,428	\$ -	\$ 2,507	\$ 1,921
South Campus	84,395	1,683	924	85,154
High School	49,564	31,952	25,245	56,271
East Campus	50,414	1,024	2,099	49,339
Lumberton Campus	1,998	2,716	844	3,870
Yearbook	5,406	11,314	14,191	2,529
Transition	-	7,945	7,945	-
Field Trips	9,422	23,282	22,851	9,853
Total	\$ 205,627	\$ 79,916	\$ 76,606	\$ 208,937

**PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR FISCAL YEAR ENDED JUNE 30, 2018**

ASSETS	BALANCE JULY 1, 2017	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2018
Cash & Cash Equivalents	\$ 278,035	\$ 34,817,381	\$ 34,771,136	\$ 324,280
Total Assets	\$ 278,035	\$ 34,817,381	\$ 34,771,136	\$ 324,280
LIABILITIES				
Payroll Deductions & Withholdings	\$ 270,192	\$ 15,714,398	\$ 15,668,273	\$ 316,317
Due to Employees - Net Payroll	-	19,090,945	19,090,945	-
Due to Employees - Flex Spending	7,843	12,038	11,918	7,963
Total Liabilities	\$ 278,035	\$ 34,817,381	\$ 34,771,136	\$ 324,280

This page intentionally left blank

I. Long-Term Debt

Not Applicable

This page intentionally left blank

STATISTICAL SECTION (Unaudited)

This page intentionally left blank

BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 8,176,709	\$ 8,420,747	\$ 6,454,702	\$ 3,771,907	\$ 3,540,684	\$ 2,505,345	\$ 1,946,535	\$ 1,918,911	\$ 2,114,430	\$ 1,994,904
Restricted	1,510,108	1,510,108	1,643,124	3,939,610	1,508,343	2,489,206	2,082,491	1,804,871	1,390,507	1,382,611
Unrestricted	(27,860,329)	(28,422,646)	(27,189,009)	(26,151,370)	2,469,985	1,869,193	558,675	2,437,068	2,989,180	1,706,833
Total Governmental Activities										
Net Position	\$ (18,173,512)	\$ (18,491,791)	\$ (19,091,183)	\$ (18,439,853)	\$ 7,519,012	\$ 6,863,744	\$ 4,587,701	\$ 6,160,850	\$ 6,494,117	\$ 5,084,348
Business-Type Activities:										
Net Investment in										
Capital Assets	\$ 267,662	\$ 278,525	\$ 366,020	\$ 266,805	\$ 102,292	\$ 118,018	\$ 138,670	\$ 154,966	\$ 192,402	\$ 239,426
Unrestricted	665,283	144,091	(649,070)	422,413	1,566,914	2,589,206	1,979,505	287,985	(905,855)	2,602,866
Total Business-Type Activities										
Net Position	\$ 932,945	\$ 422,616	\$ (283,050)	\$ 689,218	\$ 1,669,206	\$ 2,707,224	\$ 2,118,175	\$ 442,951	\$ (713,453)	\$ 2,842,292
Government-Wide:										
Net Investment in										
Capital Assets	\$ 8,444,371	\$ 8,699,272	\$ 6,820,722	\$ 4,038,712	\$ 3,642,976	\$ 2,623,363	\$ 2,085,205	\$ 2,073,877	\$ 2,306,832	\$ 2,234,330
Restricted	1,510,108	1,510,108	1,643,124	3,939,610	1,508,343	2,489,206	2,082,491	1,804,871	1,390,507	1,382,611
Unrestricted	(27,195,046)	(28,278,555)	(27,838,079)	(25,728,957)	4,036,899	4,458,399	2,538,180	2,725,053	2,083,325	4,309,699
Total District Net Position										
Net Position	\$ (17,240,567)	\$ (18,069,175)	\$ (19,374,233)	\$ (17,750,635)	\$ 9,188,218	\$ 9,570,968	\$ 6,705,876	\$ 6,603,801	\$ 5,780,664	\$ 7,926,640

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30,										
Expenses:										
Governmental Activities:										
Instruction:										
Special Education	\$ 14,897,265	\$ 14,872,414	\$ 14,952,342	\$ 15,200,512	\$ 15,424,094	\$ 16,002,153	\$ 17,293,675	\$ 17,463,812	\$ 20,624,676	\$ 20,725,888
Other Special Instruction	223,372	327,741	264,662	111,882	109,620	121,249	109,532	128,022	113,073	86,347
Other Special Instruction	-	-	-	-	-	-	-	-	-	19,245
Support Services:										
Student & Instruction Related Services	4,923,072	4,835,812	4,742,066	4,765,408	4,790,637	4,960,201	4,860,196	4,768,340	891,235	766,603
School Administrative Services	581,674	659,370	571,932	539,302	683,097	641,997	652,508	644,362	968,279	684,626
General & Business Administrative Services	3,435,815	3,243,060	2,984,042	2,813,961	2,718,655	2,650,522	2,488,553	2,125,766	2,008,678	2,232,537
Plant Operations & Maintenance	3,428,118	3,500,366	3,221,994	2,957,405	3,584,535	3,301,464	3,002,177	2,790,981	2,897,523	2,883,767
Pupil Transportation	238,717	244,846	303,019	545,275	338,084	304,342	150,239	-	-	1,163,065
Unallocated Benefits	27,700,920	15,790,640	18,284,937	17,093,711	12,690,642	15,634,534	15,342,139	15,964,168	13,612,763	13,291,557
Unallocated Compensated Absences	-	-	183	(57,160)	(76,306)	(24,604)	47,167	43,381	(827,143)	125,502
Unallocated Contributed Capital	-	-	77,177	-	-	(486,311)	(67,328)	-	(39,928)	-
Unallocated Depreciation	875,283	503,314	481,067	235,561	206,906	206,906	215,000	205,000	209,070	246,312
Adjustment to Fixed Assets	-	-	965,429	-	-	-	(172,641)	-	-	-
Special Schools	-	-	-	-	-	-	-	-	12,096	16,344
Total Governmental Activities Expense	56,304,236	43,977,563	46,848,850	44,205,857	40,469,964	43,312,453	43,921,217	44,133,832	40,470,322	42,241,793
Business-Type Activities:										
Food Service	1,143,586	1,218,879	1,182,337	1,333,438	891,283	1,303,635	1,113,093	1,169,276	1,423,397	1,560,527
School Store	10,590	6,785	719	2,261	70,890	87,318	3,091	1,374	2,691	3,357
Educational Services	14,292,026	14,195,018	14,489,923	14,562,395	14,044,658	14,602,528	14,253,859	15,661,303	18,078,793	18,633,356
VQ/CA	747,543	741,259	719,514	1,228,805	1,358,967	1,360,354	-	-	-	-
Alternative Education Program	2,234,679	2,101,991	1,861,438	1,486,578	-	-	-	-	-	-
Total Business-Type Activities Expense	18,428,424	18,263,932	18,253,931	18,613,477	16,365,798	17,353,835	15,370,043	16,831,953	19,504,881	20,197,240
Total District Expenses	\$ 74,732,660	\$ 62,241,495	\$ 65,102,781	\$ 62,819,334	\$ 56,835,762	\$ 60,666,288	\$ 59,291,260	\$ 60,965,785	\$ 59,975,203	\$ 62,439,033
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 16,509,251	\$ 4,596,870	\$ 8,402,593	\$ 8,483,196	\$ 2,064,871	\$ 2,899,835	\$ 3,383,122	\$ 2,860,416	\$ 2,786,420	\$ 2,669,233
Total Governmental Activities Program Revenues	16,509,251	4,596,870	8,402,593	8,483,196	2,064,871	2,899,835	3,383,122	2,860,416	2,786,420	2,669,233
Business-Type Activities:										
Charges for Services:										
Food Service	228,126	264,500	343,349	344,611	253,398	354,212	387,921	396,391	423,346	519,998
School Store	1,786	1,971	3,330	7,349	10,714	9,091	16,410	16,735	17,835	18,066
Educational Services	14,209,994	14,242,084	13,711,461	13,835,792	12,935,366	15,190,132	14,421,452	14,267,549	14,354,634	16,222,780
VQ/CA	747,543	741,259	709,342	1,259,753	1,391,735	1,470,000	-	-	-	-
Adult Education Program	2,198,909	1,898,774	1,576,456	1,310,976	-	-	-	-	-	-
Operating Grants & Contributions	323,066	334,631	318,238	326,731	314,987	413,382	422,466	397,081	450,987	418,543

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Business Type Activities	17,709,424	17,483,219	16,662,176	17,085,212	14,906,200	17,436,817	15,248,249	15,077,756	15,246,802	17,179,387
Program Revenues	\$ 34,218,675	\$ 22,080,089	\$ 25,064,769	\$ 25,568,408	\$ 16,971,071	\$ 20,336,652	\$ 18,631,371	\$ 17,938,172	\$ 18,033,222	\$ 19,848,620
Total District Program Revenues	\$ 34,218,675	\$ 22,080,089	\$ 25,064,769	\$ 25,568,408	\$ 16,971,071	\$ 20,336,652	\$ 18,631,371	\$ 17,938,172	\$ 18,033,222	\$ 19,848,620
Net (Expense)/Revenue:										
Governmental Activities	\$ (39,794,985)	\$ (39,380,693)	\$ (38,446,257)	\$ (35,722,661)	\$ (38,405,093)	\$ (40,412,618)	\$ (40,538,095)	\$ (41,273,416)	\$ (37,683,902)	\$ (39,572,560)
Business-Type Activities	(719,000)	(780,713)	(1,591,755)	(1,528,265)	(1,459,598)	82,982	(121,794)	(1,754,197)	(4,258,079)	(3,017,853)
Total Government-Wide Net Expense	\$ (40,513,985)	\$ (40,161,406)	\$ (40,038,012)	\$ (37,250,926)	\$ (39,864,691)	\$ (40,329,636)	\$ (40,659,889)	\$ (43,027,613)	\$ (41,941,981)	\$ (42,590,413)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
County Appropriation	\$ 4,800,000	\$ 5,494,388	\$ 6,550,783	\$ 5,200,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000
Federal & State Aid Not Restricted	226,496	288,044	213,391	631,610	2,035,384	1,514,792	44,493	44,493	199,655	256,188
Tuition Received	26,767,255	26,720,278	23,818,838	25,454,600	25,866,996	28,637,896	26,940,825	26,940,825	29,425,820	26,683,179
Tuition Charges	9,149,882	8,310,839	7,052,945	7,469,275	6,978,742	7,496,846	8,489,849	8,489,849	8,135,944	7,194,202
Non Resident Fees	386,802	354,042	358,446	344,680	58,310	351,819	311,263	311,263	315,289	404,024
Rents and Royalties	-	158,609	144,083	-	-	-	-	-	-	-
Miscellaneous Income	503,774	164,830	210,860	192,540	255,597	390,243	175,540	175,540	259,771	451,334
Transfers	(1,157,385)	(1,542,798)	(554,419)	(547,580)	(934,668)	(502,935)	(1,797,024)	(1,797,024)	(2,196,330)	(695,256)
Board Contribution to County	(563,560)	-	-	-	-	-	-	-	-	-
Transfer from County	-	31,853	-	227,627	-	-	-	-	-	-
Total Governmental Activities	40,113,264	39,980,085	37,794,927	38,972,752	39,060,361	42,688,661	38,964,946	38,964,946	40,940,149	39,093,671
Business-Type Activities:										
Investment Earnings	-	-	4	697	890	2,706	361	14,271	7,078	91,390
Contributed Capital	-	-	-	-	-	427	(367)	-	-	90,621
Transfers	1,157,385	1,542,798	554,419	547,580	420,690	502,935	1,797,024	2,896,330	695,256	696,758
Cancellation of Prior Year's A/P	71,944	-	-	-	-	-	-	-	-	-
Gain/(Loss) on Adjustment to Capital Assets	-	(56,419)	65,064	-	-	-	-	-	-	-
Total Business-Type Activities	1,229,329	1,486,379	619,487	548,277	421,580	506,068	1,797,018	2,910,601	702,334	878,769
Total Government-Wide	\$ 41,342,593	\$ 41,466,464	\$ 38,414,414	\$ 39,521,029	\$ 39,481,941	\$ 43,194,729	\$ 40,761,964	\$ 41,875,547	\$ 41,642,483	\$ 39,972,440
Change in Position:										
Governmental Activities	\$ 318,279	\$ 599,392	\$ (651,330)	\$ 3,250,091	\$ 655,268	\$ 2,276,043	\$ (1,573,149)	\$ (2,308,470)	\$ 3,256,247	\$ (478,889)
Business-Type Activities	510,329	705,666	(972,268)	(979,988)	(1,038,018)	589,050	1,675,224	1,156,404	(3,555,745)	(2,139,084)
Total District	\$ 828,608	\$ 1,305,058	\$ (1,623,598)	\$ 2,270,103	\$ (382,750)	\$ 2,865,093	\$ 102,075	\$ (1,152,066)	\$ (299,498)	\$ (2,617,973)

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Restricted	\$ 1,510,108	\$ 1,510,108	\$ 1,510,108	\$ 1,509,852	\$ 1,508,343	\$ 1,506,836	\$ 1,501,971	\$ 1,501,270	\$ 1,390,507	\$ 1,382,611
Assigned	976,999	270,943	133,016	2,429,758	-	982,370	580,520	303,601	-	-
Unassigned	3,496,656	3,366,087	3,060,863	4,276,178	4,051,354	3,366,288	1,800,969	3,632,195	4,140,926	3,685,722
Total General Fund	\$ 5,983,763	\$ 5,147,138	\$ 4,703,987	\$ 8,215,788	\$ 5,559,697	\$ 5,855,494	\$ 3,883,460	\$ 5,437,066	\$ 5,531,433	\$ 5,068,333

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
County Appropriation	\$ 4,800,000	\$ 5,494,388	\$ 6,550,783	\$ 5,200,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000
Tuition Charges	26,767,255	26,720,278	23,818,838	25,454,600	25,866,996	28,637,896	26,940,825	29,425,820	26,683,179	25,000,585
Other Tuition	9,149,882	8,310,839	7,052,945	7,469,275	6,978,742	7,496,846	8,489,849	8,135,944	7,194,202	5,586,564
Nonresident Fees	386,802	354,042	358,446	344,680	58,310	351,819	311,263	315,289	404,024	173,771
Rents and Royalties	-	158,609	144,083	-	-	-	-	-	-	-
Miscellaneous	503,774	164,830	210,860	192,540	255,597	390,243	175,540	259,771	451,334	2,653,246
State Sources	5,321,732	4,596,870	4,126,941	3,794,646	3,954,584	4,214,711	3,385,530	2,860,416	2,786,420	2,659,992
Federal Sources	226,496	288,044	213,391	631,610	145,671	199,916	42,085	199,655	256,188	133,406
Total Revenues	47,155,941	46,087,900	42,476,287	43,087,351	42,059,900	46,091,431	44,145,092	45,996,895	42,575,347	41,007,564
Expenditures:										
Current:										
Special Education Instruction	14,897,265	14,872,414	14,952,342	15,200,512	15,424,094	16,002,153	17,293,675	17,463,812	20,624,676	20,725,888
Other Special Instruction	223,372	327,741	264,662	111,882	109,620	121,249	109,532	128,022	113,073	86,347
Other Instructional Programs	-	-	-	-	-	-	-	-	-	19,245
Support Services & Undistributed Costs:										
Student & Instruction Related Services	4,923,072	4,835,812	4,742,066	4,765,408	4,790,637	4,960,201	4,860,196	4,768,340	891,235	766,603
School Administrative Services	581,674	659,370	571,932	539,302	683,097	641,997	652,508	644,362	968,279	684,626
Other Administrative Services	3,435,815	3,243,060	2,484,042	2,513,961	2,418,655	2,350,522	2,188,533	2,125,766	2,297,346	2,232,537
Plant Operations & Maintenance	3,420,199	3,636,968	3,265,315	2,957,405	3,584,535	3,301,464	3,004,832	2,790,981	2,897,523	2,883,767
Pupil Transportation	238,717	244,846	303,019	545,275	338,084	304,342	150,239	-	-	1,163,065
Unallocated Benefits	10,917,361	9,383,966	14,187,144	12,033,630	12,690,642	15,634,534	15,342,139	15,964,168	13,612,763	13,291,557
On-Behalf TPAF & FICA Contributions	5,321,732	4,596,870	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	16,344
Capital Outlay	639,164	2,332,757	4,585,970	1,424,156	1,164,278	300,000	300,000	-	-	-
Total Expenditures	44,598,371	44,133,804	45,356,492	40,091,531	41,203,642	43,616,462	43,901,674	43,885,451	41,416,991	41,869,979
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,557,570	1,954,096	(2,880,205)	2,995,820	856,258	2,474,969	243,418	2,111,444	1,158,356	(862,415)
Other Financing Sources/(Uses):										
Transfers Out	(1,157,385)	(1,542,798)	(554,419)	(319,953)	(934,668)	(502,935)	(1,797,024)	(2,196,330)	(695,256)	(696,758)
Board Contribution to County	(563,560)	-	-	-	-	-	-	-	-	-
Cancellation of Prior Year's Receivables	-	31,853	(77,177)	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	(1,720,945)	(1,510,945)	(631,596)	(319,953)	(934,668)	(502,935)	(1,797,024)	(2,196,330)	(695,256)	(696,758)
Net Change in Fund Balances	\$ 836,625	\$ 443,151	(3,511,801)	\$ 2,675,867	(78,410)	\$ 1,972,034	(1,553,606)	(84,886)	\$ 463,100	\$ (1,559,173)
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: District records

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND - REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDED JUNE 30,	TUITION	OTHER LOCAL REVENUE	STATE REVENUE	FEDERAL REVENUE	TOTAL
2018	\$ 35,917,137	\$ 5,690,576	\$ 5,321,732	\$ 226,496	\$ 47,155,941
2017	35,031,117	4,682,000	4,596,870	288,044	44,598,031
2016	30,871,783	5,513,389	4,126,941	213,391	40,725,504
2015	32,923,875	5,737,220	3,794,646	631,610	43,087,351
2014	32,845,738	5,113,907	3,440,606	145,671	41,545,922
2013	36,134,742	5,542,062	4,214,711	199,916	46,091,431
2012	35,430,674	5,286,782	3,385,530	42,085	44,145,071
2011	37,561,764	5,375,060	2,860,416	181,932	45,979,172
2010	33,877,381	5,655,358	2,786,420	256,188	42,575,347
2009	30,587,149	7,617,776	2,659,992	133,406	40,998,323

Note: Excludes the Capital Projects Fund as these expenditures vary substantially from year to year. The Financial data presented would not be as meaningful for comparative purposes if these were included.

Source: District Records.

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,

N/A

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

N/A

PRINCIPAL PROPERTY TAX PAYERS

N/A

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

EXHIBIT J-9

N/A

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

EXHIBIT J-10

N/A

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

EXHIBIT J-11

N/A

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013**

EXHIBIT J-12

N/A

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

EXHIBIT J-13

N/A

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	COUNTY POPULATION (a)	PERSONAL INCOME (b)	COUNTY PER CAPITA PERSONAL INCOME (c)	COUNTY UNEMPLOYMENT RATE (d)
2017	448,596	N/A	N/A	4.1%
2016	448,342	25,471,205,704	56,812	4.4%
2015	448,844	24,843,964,244	55,351	5.2%
2014	450,318	23,796,154,074	52,843	6.3%
2013	449,858	23,003,938,688	51,136	7.9%
2012	451,256	22,896,278,184	50,739	9.2%
2011	450,486	22,387,802,742	49,697	8.8%
2010	449,200	21,554,862,000	47,985	9.0%
2009	446,108	21,220,911,452	47,569	8.5%
2008	445,492	21,259,769,224	47,722	5.0%

Source: New Jersey Department of Education

(a) Population information provided by the New Jersey Department of Labor and Workforce Development

(b) Estimated based upon the Municipal Population and Per Capita Personal Income presented

(c) Estimated based upon the 2000 & 2010 Census published by the U.S. Bureau of Economic Analysis

(d) Unemployment data provided by the New Jersey Department of Labor and Workforce Development

**PRINCIPAL EMPLOYERS
CURRENT YEAR**

	EMPLOYEES	RANK
Virtua of Burlington County	5,473	1
TD Bank	3,726	2
Lockheed Martin	3,543	3
Burlington Stores	2,652	4
Viking Yacht. Co. Corp.	1,586	5
CVS Corporation	1,575	6
Amazon	1,500	7
PHH Mortgage	1,365	8
Freedom Mortgage	1,217	9
Automotive Resources Int. (ARI)	1,214	10
	23,851	

Source: Burlington County

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Special Education	344	321	334	378	378	378	378	376	395	411
Support Services:										
Student & Instruction Related Services	56	56	61	63	63	63	64	62	63	63
School Administrative Services	22	29	38	14	14	14	14	14	16	15
General & Business Administrative Services	22	25	10	11	11	11	11	11	11	3
Plant Operations & Maintenance	27	26	22	24	24	24	24	23	23	21
Pupil Transportation	5	4	-	3	3	3	3	-	-	7
Business & Other Support Services	-	-	-	3	3	3	3	3	3	10
Food Service	10	10	10	10	10	10	12	12	19	22
Total	486	471	475	506	506	506	509	501	530	552

Source: District Personnel Records

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE)	AVERAGE DAILY ATTENDANCE (ADA)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2018	607	43,959,207	72,420	6.72%	107	5.6/1	532.6	538.5	-14.97%	-0.37%
2017	616	41,801,047	67,859	15.68%	103	6/1	626.4	540.5	-9.26%	-9.31%
2016	695	40,770,522	58,663	4.68%	127	6.2/1	690.3	596.0	0.61%	0.07%
2015	690	38,667,375	56,040	-0.63%	127	6.2/1	686.1	595.6	-18.91%	-21.25%
2014	710	40,039,364	56,393	0.90%	127	6.2/1	846.1	756.3	9.19%	10.04%
2013	775	43,316,462	55,892	1.65%	127	6.2/1	774.9	687.3	-0.06%	-0.55%
2012	793	43,601,674	54,983	3.09%	127	6.2/1	775.4	691.1	-6.21%	-6.19%
2011	823	43,894,932	53,335	12.55%	132	6.3/1	826.7	736.7	-5.39%	-5.09%
2010	874	41,416,991	47,388	8.20%	137	6.2/1	873.8	776.2	-6.71%	-6.12%
2009	956	41,869,979	43,797	11.29%	138	6.9/1	936.6	826.8	-8.72%	-10.23%

Sources: District records

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Elementary Schools:										
Westampton Campus:										
Square Feet	207,433	207,433	207,433	207,433	207,433	207,433	207,433	207,433	207,433	207,433
Capacity (Students)	755	755	755	755	755	755	755	755	755	755
Enrollment	484	426	519	398	424	417	519	521	563	629
Lumberton Campus:										
Square Feet	66,438	66,438	66,438	66,438	66,438	66,438	66,438	66,438	66,438	66,438
Capacity (Students)	165	165	165	165	165	165	165	165	165	165
Enrollment	32	93	176	178	177	252	140	169	172	102
Junior/Senior:										
Square Feet	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
Capacity (Students)	167	167	167	167	167	167	167	167	167	167
Enrollment	85	97	-	114	109	106	134	140	139	126

Number of Schools at June 30, 2018:
Other = 3

Source: District Facilities Office

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx

	JR/SR HIGH SCHOOL	WESTAMPTON CAMPUS	LUMBERTON CAMPUS	TOTAL
2018	\$ 43,334	\$ 534,229	\$ 241,790	\$ 819,353
2017	41,342	603,362	224,053	868,757
2016	8,689	535,370	212,843	823,697
2015	22,305	538,998	262,394	791,115
2014	29,272	480,541	281,302	967,725
2013	60,549	593,683	313,493	840,644
2012	35,682	572,956	232,006	717,383
2011	77,009	435,728	204,646	745,559
2010	83,532	454,475	207,552	728,319
2009	94,681	480,791	152,847	826,398
Total School Facilities	\$ 496,395	\$ 5,230,133	\$ 2,332,926	\$ 8,128,950

Source: District records

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018**

	COVERAGE	DEDUCTIBLE
Commercial General Liability:		
Bodily Injury and Property Damage - Per Occurrence	\$ 16,000,000	
Products/Completed Operations Aggregate Limit	16,000,000	
Personal/Advertising Injury Limit - Per Occurrence	16,000,000	
Employee Benefits Liability - Per Occurrence	16,000,000	1,000
Commercial Property Coverage:		
Blanket Coverage, Building & Contents	91,963,511	5,000
Equipment Floater:		
Hardware / Software	1,100,000	1,000
Commercial Automobile:		
Bodily Injury & Property Damage	16,000,000	
Medical Payments: Private Passenger	10,000	
Medical Payments: All Other Vehicles	5,000	
Uninsured/Underinsured Motorist: Bodily Injury Per Person	15,000	
Uninsured/Underinsured Motorist: Bodily Injury Per Accident	30,000	
Uninsured/Underinsured Motorist: Private Passenger	1,000,000	
Commercial Crime		
Excess Umbrella:		
Public Employee Dishonesty with Faithful Performance	100,000	500
Theft, Disappearance and Destruction - Loss of Money	50,000	500
Theft, Disappearance and Destruction - Money Orders & Counterfeits	50,000	500
Forgery & Alteration	50,000	500
Computer Fraud	50,000	500
Student Accident:		
Compulsory - Aggregate Limit of Liability	1,000,000	
Excess Medical	5,000,000	25,000
Public Official Bonds:		
Qualified Purchasing Agent	100,000	
Board Secretary	100,000	
Treasurer	350,000	
Workers Compensation:		
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease - Policy Limit	2,000,000	
Bodily Injury by Disease - Each Employee	2,000,000	

Source: School District Records

This page intentionally left blank

SINGLE AUDIT SECTION

This page intentionally left blank

EXHIBIT K-1

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable President and Members
of the Board of Education
Burlington County Special Services School District
County of Burlington
Westampton, New Jersey 08060

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Burlington County Special Services School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Burlington County Special Services School District’s basic financial statements, and have issued our report thereon dated February 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Burlington County Special Services School District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Burlington County Special Services School District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Burlington County Special Services School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We also noted certain immaterial instances of noncompliance that are not required to be reported under *Governmental Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, that we reported to management in a separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance dated February 20, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
February 20, 2019



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW JERSEY OMB
CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Burlington County Special Services School District
County of Burlington
Westampton, New Jersey 08060

Report on Compliance for Each Major State Program

We have audited the Burlington County Special Services School District’s compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major state programs for the fiscal year ended June 30, 2018. The Burlington County Special Services School District’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Burlington County Special Services School District’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state

program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major State Program

In our opinion, the Burlington County Special Services School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Burlington County Special Services School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
February 20, 2019

This page intentionally left blank

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2018	UNEARNED REVENUE AT JUNE 30, 2018
U.S. Department of Health and Human Services											
Passed Through New Jersey Department of Human Services:											
Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	100-054-7540-211	\$ 226,496	7/1/17-6/30/18	\$ -	\$ 226,496	\$ (226,496)	\$ -	\$ -	\$ -
Total U.S. Department of Health and Human Services											
U.S. Department of Agriculture											
Passed Through New Jersey Department of Agriculture:											
Child Nutrition Cluster:											
School Breakfast Program	10.553	171NJ304N1099	100-010-3350-028	101,627	7/1/17-6/30/18	-	91,516	(101,627)	-	(10,111)	-
School Breakfast Program	10.553	1616INJ304N099	100-010-3350-028	100,472	7/1/16-6/30/17	(7,259)	7,259	-	-	-	-
						(7,259)	98,775	(101,627)	-	(10,111)	-
National School Lunch Program	10.555	171NJ304N1099	100-010-3350-026	191,239	7/1/17-6/30/18	-	172,415	(191,239)	-	(18,824)	-
National School Lunch Program	10.555	1616INJ304N099	100-010-3350-026	192,141	7/1/16-6/30/17	(14,370)	14,370	-	-	-	-
Food Distribution Program (Noncash Assistance)	10.555	171NJ304N1099	Unavailable	25,458	7/1/17-6/30/18	814	25,458	(26,260)	-	-	12
						(13,556)	212,243	(217,499)	-	(18,824)	12
Total Child Nutrition Cluster						(20,815)	311,018	(319,126)	-	(28,935)	12
Total U.S. Department of Agriculture											
Total Expenditures of Federal Awards											
						(20,815)	\$ 537,514	\$ (545,622)	\$ -	\$ (28,935)	\$ 12

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2018**

STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE JUNE 30, 2018	MEMO
									CUMULATIVE TOTAL EXPENDITURES
<u>New Jersey Department of Education:</u>									
General Fund:									
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	18-495-034-5094-003	\$ 1,191,329	7/1/17-6/30/18	\$ -	\$ 1,131,490	\$ (1,191,329)	\$ -	\$ (59,839)	\$ 1,191,329
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	17-495-034-5094-003	1,168,282	7/1/16-6/30/17	(59,380)	59,380	(1,191,329)	-	(59,839)	1,191,329
On-Behalf TPAF Post-Retirement Medical (Noncash Assistance)	18-495-034-5094-001	1,619,772	7/1/17-6/30/18	-	1,619,772	(1,619,772)	-	-	1,619,772
On-Behalf TPAF Pension Contributions (Noncash Assistance)	18-495-034-5094-002	2,507,859	7/1/17-6/30/18	-	2,507,859	(2,507,859)	-	-	2,507,859
On-Behalf TPAF Long-Term Disability Insurance Contributions (Noncash Assistance)	18-495-034-5094-004	2,772	7/1/17-6/30/18	-	2,772	(2,772)	-	-	2,772
Total General Fund				(59,380)	5,321,273	(5,321,732)	-	(59,839)	5,321,732
<u>New Jersey Department of Agriculture:</u>									
Enterprise Funds:									
National School Lunch Program (State Share)	18-100-010-3350-023	3,940	7/1/17-6/30/18	-	3,559	(3,940)	-	(381)	3,940
National School Lunch Program (State Share)	17-100-010-3350-023	3,878	7/1/16-6/30/17	(289)	289	-	-	-	-
Total Enterprise Fund				(289)	3,848	(3,940)	-	(381)	3,940
Total State Financial Assistance				\$ (59,669)	\$ 5,325,121	\$ (5,325,672)	\$ -	\$ (60,220)	\$ 5,325,672
State Financial Assistance Programs not subject to Calculation for Major Program Determination:									
On-Behalf TPAF Post-Retirement Medical (Noncash Assistance)	18-495-034-5094-001	1,619,772	7/1/17-6/30/18			1,619,772			
On-Behalf TPAF Pension Contributions (Noncash Assistance)	18-495-034-5094-002	2,507,859	7/1/17-6/30/18			2,507,859			
On-Behalf TPAF Long-Term Disability Insurance Contributions (Noncash Assistance)	18-495-034-5094-004	2,772	7/1/17-6/30/18			2,772			
Total State Financial Assistance subject to Calculation for Major Program Determination						\$ (1,195,269)			

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Burlington County Special Services School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

Note 3. Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$-0- for the general fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 226,496	\$ 5,321,732	\$ 5,548,228
Food Service Fund	<u>319,126</u>	<u>3,940</u>	<u>323,066</u>
Total Awards & Financial Assistance	<u>\$ 545,622</u>	<u>\$ 5,325,672</u>	<u>\$ 5,871,294</u>

Note 4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5. Federal and State Loans Outstanding

The Burlington County Special Services School District had no loan balances outstanding at June 30, 2018.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ Unmodified _____

Internal control over financial reporting:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

1) Material weakness(es) identified? _____ yes _____ no

2) Significant deficiency(ies) identified? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs _____

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? _____ yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	N/A	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? _____ yes _____ no

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results (continued)

State Financial Assistance

Dollar threshold used to determine Type A programs _____ \$ 750,000 _____

Auditee qualified as low-risk auditee? _____ yes X no

Internal control over major programs:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiency(ies) identified? _____ yes X no

Type of auditor's report issued on compliance for major programs _____ Unmodified _____

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? _____ yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

_____ 495-034-5094-003 _____

_____ Reimbursed TPAF Social Security Contributions _____

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

N/A – Federal single audit not required

STATE FINANCIAL ASSISTANCE

None.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

No Prior Year Findings.